

# Comprehensive Annual Financial Report



For the Fiscal Year  
Ended June 30, 2007



### **Georgia Symbols**

The picture montage on the front cover consists of various symbols or designations that were adopted over the years by official resolution by the Georgia General Assembly. These symbols include the azalea, the state wildflower; the honey bee, the state insect; and the peach, the state fruit. To learn more about our state symbols, please visit [http://www.sos.ga.gov/state\\_symbols/state\\_symbols.html](http://www.sos.ga.gov/state_symbols/state_symbols.html).

# State of Georgia

SONNY PERDUE, GOVERNOR

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2007

Prepared by  
State Accounting Office



# State of Georgia

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For the Fiscal Year Ended June 30, 2007

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# State of Georgia

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# INTRODUCTORY SECTION

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January 31, 2008

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
Citizens of the State of Georgia

The Comprehensive Annual Financial Report of the State of Georgia for the year ended June 30, 2007, is hereby submitted in accordance with the *Official Code of Georgia Annotated* 50-50b-3(7). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

**Internal Controls.** Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

**Independent Audit.** The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis immediately following the report of the independent auditors provides an overview and analysis of the State's Basic Financial Statements, with a focus on the primary government and its activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The State of Georgia was the last of the original 13 colonies, founded on February 12, 1733, and became the fourth state by ratifying the U. S. Constitution on January 2, 1788. Georgia is an economic hub of the southeast. The capital in Atlanta is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. Georgia's economic base is diverse with major port facilities on the coast, agricultural resources throughout the state, manufacturing and service industries, and is a major transportation hub with the busiest airport in the nation. Georgia is the ninth largest state with a population of 9.54 million people.

**Structure.** The *Constitution of the State of Georgia* provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution* and in the *Official Code of Georgia Annotated*. State government services provided to citizens include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

This report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and other organizational units of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by the Governmental Accounting Standards Board. Accordingly, this report contains information on Georgia's *primary government*, and on *component units* that are financially accountable to the State.

**Budgetary Control.** The State constitution requires the governor to submit an annual appropriation recommendation to the General Assembly within the first 5 days of the General Assembly convening in general session. The General Assembly appropriates funds in the general appropriations act to cover operations of the state. The *Constitution* limits the amount of the appropriations to the amount available in unappropriated surplus at the beginning of the fiscal year together with the anticipated treasury receipts to be collected during the fiscal year. Annual appropriated budgets are adopted at the departmental and program by funding source level and are applicable primarily to the general fund. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the *Constitution* or statute. The *Constitution* further authorizes the passage of supplementary appropriations acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

A separately published *Budgetary Compliance Report* is issued annually to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act.

## FACTORS AFFECTING FINANCIAL CONDITION

**Cash Management.** The State Depository Board is designated by State law as the oversight Board for Georgia's cash management and investment policies. The Office of Treasury and Fiscal Services ("OTFS") acts as the administrative agent of the Board. As more fully discussed in Notes 1 and 4 to the Basic Financial Statements, OTFS invests temporarily idle cash in statewide investment pools. All such funds are invested considering first the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

**Debt Administration.** The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt, to provide for the proper application and use of the debt proceeds, and to establish the procedures for protecting the holders of such debt. The Commission maintains a debt management plan used as a tool to help the State make funding decisions to meet its highest priority capital project requirements, while not exceeding debt affordability standards generally deemed important by the debt markets and rating agencies. The recommended debt levels are lower than the constitutional limits. Detailed information on outstanding bonds and other long-term debt is reflected in the Financial (Notes to the Financial Statements) and Statistical Sections of this report.

**Pension Trust Funds.** Total net assets of the State's defined benefit pension plans reached \$70 billion at June 30, 2007, an increase of \$7.5 billion over the prior fiscal year. Of the State's fourteen (14) defined benefit plans, the Employees' Retirement System and the Teachers' Retirement System represent more than 96 percent of the total net assets. The State's deferred compensation plans report net assets of \$957 million at June 30, 2007. Financial activities of the individual pension trust funds are presented in the supplementary information for fiduciary funds. Additional disclosures relating to the State's pension trust funds are provided in Note 17 to the basic financial statements.

**Risk Management.** The State is self-insured against certain property and liability claims, including workers' compensation and unemployment compensation. The Risk Management Funds were established to accumulate reserves for certain property and liability risks and to pay for commercial insurance coverage. Revenues are generated from premiums charged to state and local government organizations. Various risk control techniques are utilized to minimize accident-related losses; risk managers also identify unique loss exposures and develop strategies to reduce the cost of risk associated with individual business operations.

**Economic Conditions and Outlook.** Georgia's economy in fiscal year 2007 continued its recent rapid growth following the recession of 2001.

Key components of the tax stream most closely associated with the state's economic trends and conditions continued to experience year over year revenue growth in fiscal year 2007. These include the individual income tax, sales and use tax, and corporate income tax. Based on revenues reported on a statutory basis, fiscal year 2007 individual income tax revenues grew 10 percent over fiscal year 2006. Fiscal year 2007 sales and use tax revenues grew by 3.6 percent, while corporate income tax revenues grew by 18.1 percent. This is the third consecutive year in which corporate income tax revenues have experienced growth rates in excess of ten percent. Estimated payments by corporations grew by 20.5 percent; this growth reflects, in part, the high growth rate in corporate profits reported by the U. S. Bureau of Economic Analysis. Refunds to corporate taxpayers were up 19.8 percent, and assessments to corporate taxpayers were down 20.9 percent for the fiscal year.

Economic indicators for Georgia demonstrate that the state's economy continues to grow although growth has moderated since fiscal year 2006.

The unemployment rate remains low in Georgia at 4.6 percent for September 2007. This compares to the U. S. unemployment rate of 4.7 percent the same month. An unemployment rate of approximately 5 percent is generally considered to constitute full employment. The number of establishments reporting employment activity that are located in Georgia continues to expand. For the fourth quarter of 2006, the latest data available, the number of establishments in Georgia increased by 4.5 percent over the prior year. This compares to 3 percent for the U. S. as a whole.

Personal income is another key indicator of economic conditions in Georgia. Total personal income continues to expand. In the second quarter of 2007, personal income in Georgia grew 1.1 percent over the prior quarter. This is slightly less than the growth rate of the U. S. as a whole, which grew 1.2 percent.

The economic outlook for Georgia is clouded by the national housing downturn, high energy prices and slowing consumer spending. The housing slowdown is affecting the economy directly through lower construction activity and indirectly through its impact on consumers' financial situations due to declining prices in some regions and tougher mortgage lending standards. Oil prices have risen dramatically and this is expected to constrain consumers' discretionary spending. In addition, drought conditions in Georgia and other parts of the southeast could have an impact on agriculture and manufacturing activity in the state.

## MAJOR INITIATIVES

**Educated Georgia.** A major focus, demonstrated through continuous improvements to the quality of education in the State, is to ensure that Georgia students are well prepared for the future. The State, which provided nearly \$7.4 billion in funding for enrollment of over 1.6 million students, a 2.65 percent increase over FY 2006, is committed to strategic initiatives designed to increase the graduation rate and to improve student achievement.

**Healthy Georgia.** Emphasis is being placed on services in community settings and serving individuals in homes as opposed to institutional settings. Child care and safety are being addressed with technology and programs to improve service delivery. Care management, eligibility verification, and utilization controls have reduced the rate of growth in both Medicaid and PeachCare for Kids. In addition, the Department of Community Health has implemented strategic premium pricing in the State Health Benefit Plan to help drive employees towards lower-cost consumer-driven health plans. The State's cost containment initiatives are estimated to save \$4.2 billion over 5 years.

**Safe Georgia.** The State continues to address a growing prison population with increased funding for facilities and rehabilitation and drug treatment programs. Funding targets law enforcement, DUI courts, drug enforcement, treatment and prevention programs continue to receive attention and funding.

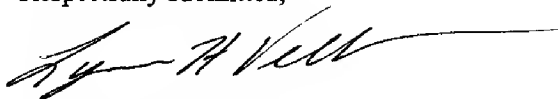
**Best Managed.** The State continues to focus on efforts to place Georgia on an efficient and effective foundation. The Commission for a New Georgia is an innovative public-private partnership formed to create breakthrough ideas to help Georgia become a better-managed state and to envision Georgia's strategic future. Initiatives to improve government operations are focused on procurement processes, facilities and fleet asset management, customer service, employee management, financial management and strategic planning. In maintaining the State's pursuit of fiscal responsibility, the Governor and legislature have taken steps to fund the State's annual required contributions for retired state employees' health care with an initial appropriation of \$147 million in fiscal year 2008 with additional increases in fiscal year 2009.

**Growing Georgia.** . Georgia continues to be one of the fastest growing states in the nation with a population increase of 2.2 percent between July 2006 and July 2007, the fastest growth in the South. Meeting the demands of an ever increasing population requires major investment in infrastructure maintenance and development. The State continues to invest in transportation to improve highways around our rapidly growing cities and to spur economic development around the state. Support for local road construction remains at record levels. Growth demands that we continue to protect our environment and expand access to natural areas throughout the state. The State's first Statewide Water Management Plan has been presented to the General Assembly providing a framework to measure water resources, to forecast supply and capacity needs for future growth and to identify regional solutions to water needs. The Plan will help ensure that Georgia manages water resources in a sustainable manner to support the State's economy, to protect public health and natural systems, and to enhance the quality of life for all citizens.

## CONCLUSION AND ACKNOWLEDGEMENTS

We hope this report provides information useful in evaluating the financial activity of the State of Georgia. We express our appreciation to the fiscal managers and staff throughout State government, and to the Department of Audits and Accounts for their dedicated efforts in assisting us in the completion of this report.

Respectfully submitted,

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Lynn H. Vellinga, CPA  
State Accounting Officer

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## JUDICIAL

Supreme Court  
Court of Appeals  
Superior Courts  
District Attorneys  
Judicial Agencies

## EXECUTIVE

### Constitutional Officers

Public Service Commission  
State School Superintendent  
Secretary of State  
Commissioner of Insurance  
Attorney General  
Commissioner of Agriculture  
Commissioner of Labor  
Lieutenant Governor

### Governor

Office of Planning and Budget  
Governor's Office

## LEGISLATIVE

General Assembly  
Senate  
House of Representatives

Legislative Agencies

Department of Audits and Accounts

State Accounting Office  
Department of Technical and Adult Education  
Department of Administrative Services  
Department of Revenue  
Department of Banking and Finance  
Department of Defense  
Department of Community Health  
Department of Public Safety  
Georgia Bureau of Investigation  
State Forestry Commission  
Department of Corrections  
Board of Pardons and Paroles  
Department of Human Resources  
Department of Juvenile Justice  
Department of Natural Resources  
Department of Community Affairs  
Department of Transportation

Department of Driver Services  
Department of Economic Development  
Georgia Student Finance Commission  
University System of Georgia  
State Personnel Administration  
Department of Education  
Department of Early Care and Learning  
State Employees' Retirement System of Georgia  
State Department of Veterans' Services  
Board of Workers' Compensation  
Examining and Licensing Boards  
Advisory Boards  
Other Executive Agencies  
Interstate Agencies  
Authorities

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# State of Georgia

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## Principal State Officials and Acknowledgements

June 30, 2007

### Executive:

Sonny Perdue ..... *Governor*  
Karen C. Handel.....*Secretary of State*  
Thurbert E. Baker .....*Attorney General*  
Michael L. Thurmond ..... *Commissioner of Labor*  
Kathy Cox ..... *State Superintendent of Schools*  
John W. Oxendine..... *Commissioner of Insurance*  
Thomas T. Irvin .....*Commissioner of Agriculture*  
Robert “Bobby” Baker, Jr., Chairman.....*Public Service Commissioner*  
Chuck Eaton.....*Public Service Commissioner*  
H. Doug Everett.....*Public Service Commissioner*  
Angela Elizabeth Speir.....*Public Service Commissioner*  
Stan Wise .....*Public Service Commissioner*

### Legislative:

Casey Cagle .....*Lieutenant Governor/President of the Senate*  
Glenn Richardson.....*Speaker of the House of Representatives*

### Judicial:

Leah Ward Sears..... *Chief Justice of the Supreme Court*

### Acknowledgements:

Report prepared by  
Sandra A. Warr  
Ellen K. Tate  
Chuck Hoover  
Jennifer B. Williams  
Zeina Diallo  
Eddy A. Hicks  
Chris A. Evans

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# FINANCIAL SECTION

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St. S.W. Suite 1-156

Atlanta, Georgia 30334

**RUSSELL W. HINTON**

STATE AUDITOR

(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	11%	22%
Business-Type Activities	6%	9%
Aggregate Discretely Presented Component Units	92%	94%
Governmental Fund - General Fund	9%	17%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund -State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	90%	52%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Georgia Lottery Corporation, Georgia College and State University Foundation, Georgia Southern University Housing Foundation, Inc., Georgia State University Foundation, Georgia Tech Athletic Association, Georgia Tech

Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., and the University of Georgia Foundation were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities included service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State of Georgia. The Department of Audits and Accounts elected to not provide audit services for the organizational units of the State of Georgia associated with these boards. The Department of Audits and Accounts has also elected to not provide audit services for the Department of Community Health (DCH) due to a contractual obligation with DCH to conduct certain non-audit services.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of \$913,094,345.00 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2007, but not paid until July and August, 2007. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2007, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

As discussed in Note 3 to the basic financial statements, the State of Georgia made changes in the presentation of organizations within its financial reporting framework, most notably the presentation of the State Road and Tollway Authority. The State Road and Tollway Authority, a component unit which was previously discretely presented, is now blended into the primary government.

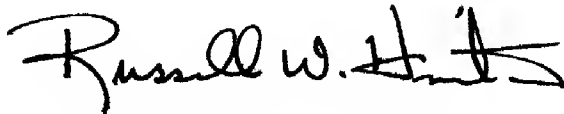
As discussed in Note 3 to the basic financial statements, the State of Georgia implemented Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for fiscal year 2007.

In accordance with *Government Auditing Standards*, we will issue our report dated January 31, 2008, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 7 through 18 and the required supplementary information on pages 100 through 116 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The Introductory Section, the Supplementary Information – Combining Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information - combining statements on pages 120 through 189 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section on pages i through ix and the Statistical Section on pages 193 through 215 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

January 31, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

The assets of the State exceeded its liabilities at the close of the fiscal year by \$22.3 billion (reported as "*net assets*"). Of this amount, \$2.7 billion (reported as "*unrestricted net assets*") may be used to meet the State's ongoing obligations to citizens and creditors. Component units of the State reported net assets of \$5.8 billion for the fiscal year ended June 30, 2007. The State's total net assets (including restatement of the prior year balance) increased by \$1.9 billion.

#### Fund Level

*Governmental Funds* – As of the close of the current fiscal year, the State's governmental funds reported a combined ending fund balance of \$7.2 billion, with \$3.7 billion of this total available for spending at the government's discretion (*unreserved fund balance*).

*Proprietary Funds* – Net assets at the end of fiscal year 2007 totaled \$7.5 billion. Total net assets for the Enterprise Funds (including restatement of the prior year balance) increased by \$518 million during the fiscal year; Internal Service Funds (including restatement of the prior year balance) increased by \$18 million. These increases do not include the effect of the restatement of prior year balances due to the reporting changes of the Georgia Technology Authority from a nonmajor enterprise fund to an internal service fund and a portion of the activity of the State Road and Tollway Authority from a discretely presented component unit to a nonmajor enterprise fund.

#### Long-Term Liabilities

The State's long-term liabilities totaled \$10.5 billion at June 30, 2007. General obligation debt is the major component comprising 73 percent of these liabilities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information - combining statements in addition to the basic financial statements.

#### Government-Wide Financial Statements: Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, and report financial information about the entire government except fiduciary activities. The government-wide financial statements include two statements:

The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets may serve as a useful indicator of whether the State's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements report three activities:

*Governmental Activities* – Taxes and intergovernmental revenues principally fund the activities reported within this section. The majority of the State's basic services fall under this activity including general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and interest on long-term debt.

*Business-Type Activities* – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The most significant business-type activities of the State include the operations of the Unemployment Compensation Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health) and the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education).

*Discretely Presented Component Units* – Although these organizations are legally separate, the State is financially accountable for them. Financial information for these component units is reported on the government-wide statements separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, and Georgia Tech Foundation, Incorporated.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements: Reporting the State's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government (not on the State as a whole), reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds* – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State of Georgia maintains eleven individual governmental funds. The State's two major governmental funds are the General Fund and the Georgia State Financing and Investment Commission (GSFIC), which is a capital projects fund. Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining nine governmental funds are combined into a single, aggregated presentation. A portion of the activities of the State Road and Tollway Authority, previously reported as a discretely presented component unit, is now reported as a special revenue fund. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide statements.

*Proprietary Funds* – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State of Georgia's proprietary funds include four enterprise funds and seven internal service funds. The State's three major enterprise funds are the Higher Education Fund, the State Employees' Health Benefit Plan and the Unemployment Compensation Fund. A portion of the activities of the State Road and Tollway Authority, previously reported as a discretely presented component unit, is now reported as an enterprise fund. The Georgia Technology Authority, previously reported as a nonmajor enterprise fund, is now reported as an internal service fund. As there is only one nonmajor enterprise fund, combining statements are not required. The enterprise funds are the same as the business-type activities reported in the government-wide statements, but more detail is provided for each of these funds in the proprietary fund statements. Conversely, all seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal services funds is provided in the form of *combining statements* elsewhere in this report. Since the internal service funds benefit both the governmental functions and the business-type functions, they have been proportionately included within the governmental activities and the business type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

*Fiduciary Funds and Similar Component Units: The State as Trustee* – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs; instead, the State is responsible for using the fiduciary assets for the fiduciary fund's intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The State's fiduciary funds are the Pension and Other Employee Benefit Trust Funds (fourteen separate defined benefit retirement systems, two deferred compensation/defined contribution pension plans, two other postemployment benefit plans and one other employee benefit plan), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of external investment pools), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or

individuals). Individual fund data for the fiduciary funds and similar component units can be found in the *combining statements* elsewhere in this report.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds and similar component units' financial statements.

### Required Supplementary Information

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information. This section includes (1) a budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements, and (2) pension and other postemployment benefit plan funding information.

### Supplementary Information – Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by \$22.3 billion at the end of fiscal year 2007.

### State of Georgia Net Assets as of June 30, 2007 and 2006 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and Other						
Non-current Assets	\$ 11,595,370	\$ 9,893,574	\$ 3,347,173	\$ 3,087,241	\$ 14,942,543	\$ 12,980,815
Net Capital Assets	17,110,136	16,077,655	5,791,696	5,224,193	22,901,832	21,301,848
<b>Total Assets</b>	<b>\$ 28,705,506</b>	<b>\$ 25,971,229</b>	<b>\$ 9,138,869</b>	<b>\$ 8,311,434</b>	<b>\$ 37,844,375</b>	<b>\$ 34,282,663</b>
Non-current Liabilities	\$ 9,064,434	\$ 7,182,149	\$ 1,434,074	\$ 1,013,705	\$ 10,498,508	\$ 8,195,854
Current Liabilities	4,205,437	4,355,564	769,309	768,626	4,974,746	5,124,190
<b>Total Liabilities</b>	<b>\$ 13,269,871</b>	<b>\$ 11,537,713</b>	<b>\$ 2,203,383</b>	<b>\$ 1,782,331</b>	<b>\$ 15,473,254</b>	<b>\$ 13,320,044</b>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	\$ 10,804,344	\$ 11,274,666	\$ 4,582,190	\$ 4,387,218	\$ 15,386,534	\$ 15,661,884
Restricted	2,398,250	2,164,233	1,877,790	1,767,054	4,276,040	3,931,287
Unrestricted	2,233,041	994,617	475,506	374,831	2,708,547	1,369,448
<b>Total Net Assets</b>	<b>\$ 15,435,635</b>	<b>\$ 14,433,516</b>	<b>\$ 6,935,486</b>	<b>\$ 6,529,103</b>	<b>\$ 22,371,121</b>	<b>\$ 20,962,619</b>

The largest portion of the State of Georgia's net assets (69 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. Infrastructure assets comprise 43 percent of the State's capital assets, net of accumulated depreciation. The State uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used at the State's discretion to meet ongoing obligations to citizens and creditors, however, certain portions of unrestricted net assets have internal designations. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Changes in Net Assets

The revenues and expenses information, shown in the table below and on the following page, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of \$20.0 billion and general revenues of \$18.7 billion, totaling \$38.7 billion during Fiscal Year 2007. Expenses for the State during Fiscal Year 2007 were \$36.8 billion.

The State's net assets (including restatement of the prior year balance) increased by \$1.9 billion during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

### State of Georgia Changes in Net Assets for the Years Ended June 30, 2007 and 2006 (expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,751,043	\$ 1,920,700	\$ 1,715,445	\$ 1,744,522	\$ 4,466,488	\$ 3,665,222
Operating Grants and Contributions	10,041,218	9,393,686	4,214,533	4,374,153	14,255,751	13,767,839
Capital Grants and Contributions	1,213,420	1,032,961	48,490	45,965	1,261,910	1,078,926
General Revenues:						
Taxes	17,875,984	16,159,593	-	-	17,875,984	16,159,593
Rents and Royalties	-	-	47	-	47	-
Unrestricted Investment Income	470,480	196,422	147,034	110,942	617,514	307,364
Unclaimed Property	140,367	107,149	-	-	140,367	107,149
Other	54,317	958,131	-	-	54,317	958,131
<b>Total Revenues</b>	<b>\$ 32,546,829</b>	<b>\$ 29,768,642</b>	<b>\$ 6,125,549</b>	<b>\$ 6,275,582</b>	<b>\$ 38,672,378</b>	<b>\$ 36,044,224</b>

(continued)

**State of Georgia**  
**Changes in Net Assets for the Years Ended June 30, 2007 and 2006 (continued)**  
**(expressed in thousands)**

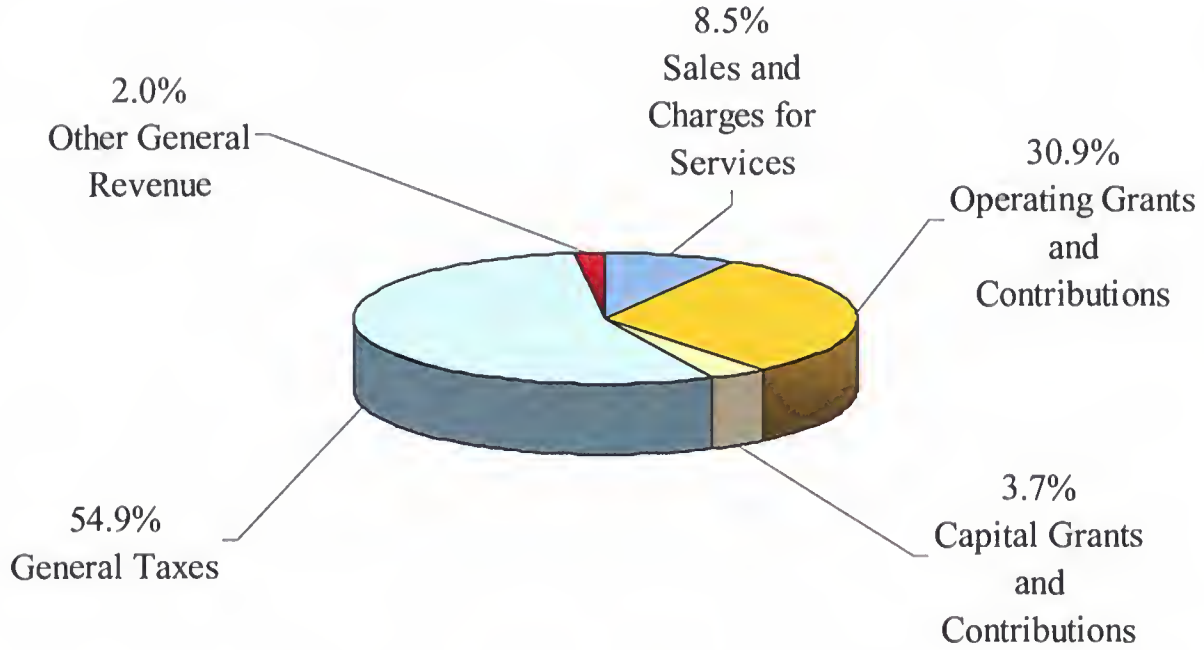
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Expenses:</b>						
General Government	\$ 1,830,659	\$ 1,562,693	\$ -	\$ -	\$ 1,830,659	\$ 1,562,693
Education	9,948,891	9,030,145	-	-	9,948,891	9,030,145
Health and Welfare	11,764,652	11,238,207	-	-	11,764,652	11,238,207
Transportation	1,705,285	1,624,369	-	-	1,705,285	1,624,369
Public Safety	1,891,555	1,715,838	-	-	1,891,555	1,715,838
Economic Development and Assistance	759,979	696,800	-	-	759,979	696,800
Culture and Recreation	286,132	263,813	-	-	286,132	263,813
Conservation	102,149	60,660	-	-	102,149	60,660
Interest and Other Charges on Long-Term Debt	385,449	326,741	-	-	385,449	326,741
Georgia Technology Authority	-	-	-	176,153	-	176,153
Higher Education Fund	-	-	5,592,755	5,292,112	5,592,755	5,292,112
State Employees' Health Benefit Fund	-	-	1,868,431	2,182,743	1,868,431	2,182,743
State Road and Tollway Authority	-	-	12,845	12,845	-	-
Unemployment Compensation	-	-	626,058	582,171	626,058	582,171
<b>Total Expenses</b>	<b>\$ 28,674,751</b>	<b>\$ 26,519,266</b>	<b>\$ 8,100,089</b>	<b>\$ 8,233,179</b>	<b>\$ 36,774,840</b>	<b>\$ 34,752,445</b>
 Increase (Decrease) in Net Assets Before Transfers	 \$ 3,872,078	 \$ 3,249,376	 \$ (1,974,540)	 \$ (1,957,597)	 \$ 1,897,538	 \$ 1,291,779
 Transfers	 (2,478,882)	 (2,306,278)	 2,478,882	 2,306,278	 -	 -
<b>Change in Net Assets</b>	<b>\$ 1,393,196</b>	<b>\$ 943,098</b>	<b>\$ 504,342</b>	<b>\$ 348,681</b>	<b>\$ 1,897,538</b>	<b>\$ 1,291,779</b>
<b>Net Assets, July 1 - Restated</b>	<b>14,042,439</b>	<b>13,490,418</b>	<b>6,431,144</b>	<b>6,180,422</b>	<b>20,473,583</b>	<b>19,670,840</b>
<b>Net Assets, June 30</b>	<b>\$ 15,435,635</b>	<b>\$ 14,433,516</b>	<b>\$ 6,935,486</b>	<b>\$ 6,529,103</b>	<b>\$ 22,371,121</b>	<b>\$ 20,962,619</b>

### Governmental Activities

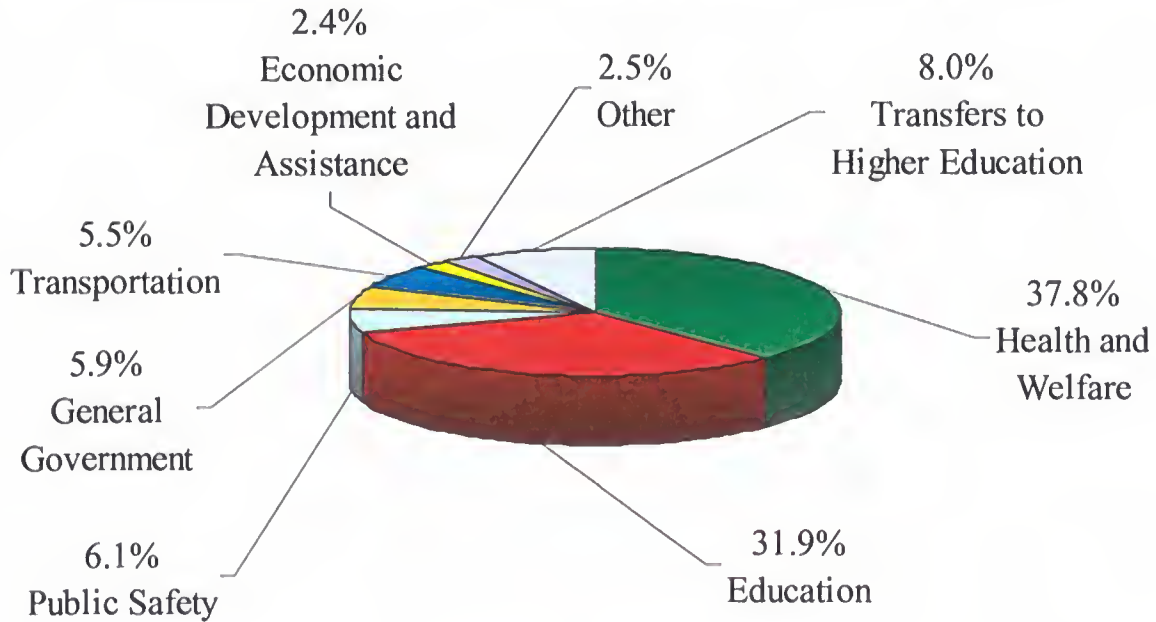
Governmental activities increased the State's net assets (including restatement of the prior year balance) by \$1.4 billion. The increase in the net assets of governmental funds resulted primarily from governmental fund tax revenues exceeding revenue estimates (described below) and increased lottery receipts. The beginning balance for net assets of the State's governmental activities was restated by \$517 million. The majority of the prior year restatement resulted from the reclassification of a portion of the activity of the State Road and Tollway Authority from a discretely presented component unit to a Special Revenue Fund.

Governmental revenues account for approximately 84 percent of total revenue. Approximately 55 percent of governmental revenue came from taxes, while 35 percent resulted from grants and contributions (95 percent of which are federal revenues). Charges for various goods and services provided 9 percent of the revenues. The State's expenses cover a range of services. The largest outlays were for education (40 percent), including transfers to higher education (8 percent), and health and welfare (38 percent) which, combined, accounted for 78 percent of total governmental activity expenses and transfers. In fiscal year 2007, governmental activity expenses and transfers were funded 49 percent, or \$14.0 billion, from program revenues and 51 percent from general revenues (96 percent of which are taxes).

### Governmental Activities - Sources of Revenue



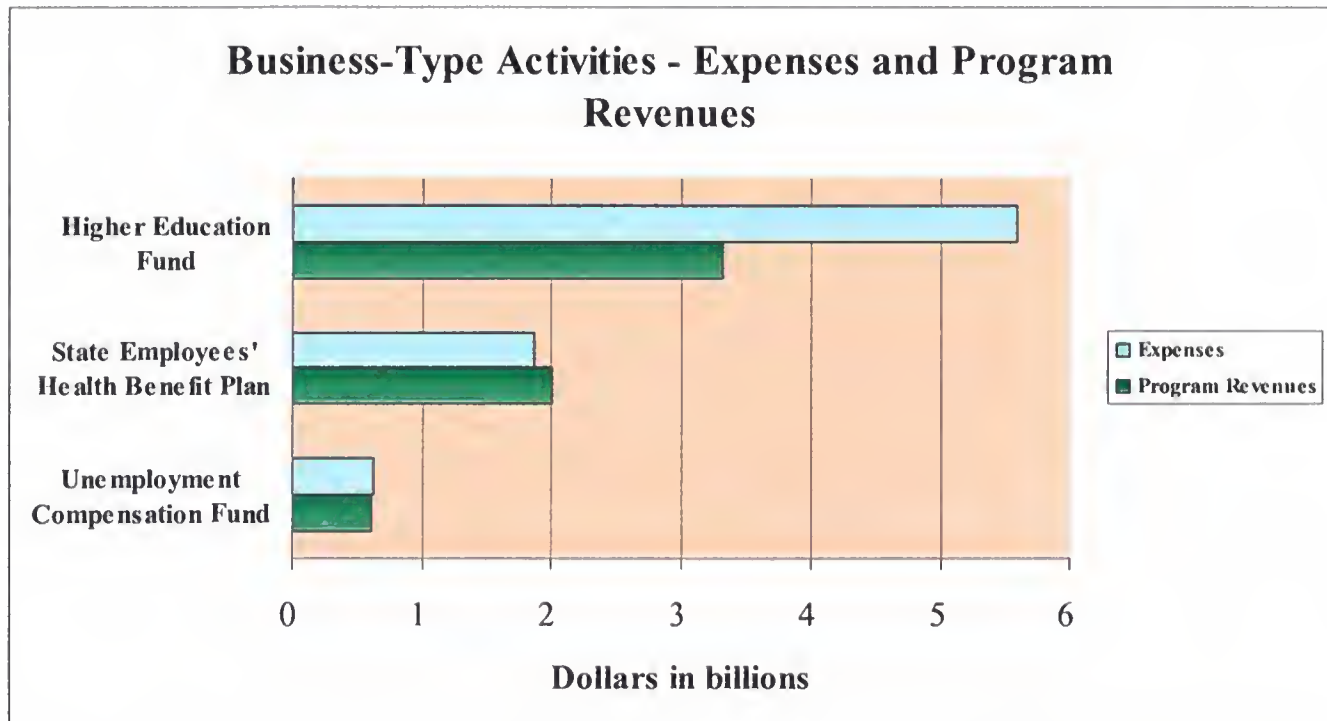
### Governmental Activities - Expenses by Program



### Business-Type Activities

Business-type activities increased the State of Georgia's net assets (including restatement of the prior year balance) by \$504 million. The increase is a result of transfers of general obligation bond proceeds from governmental activities for construction of additional facilities of various colleges and universities, as well as, current year employers' unemployment insurance tax revenue in excess of unemployment insurance benefits expense. Grants and Contributions accounted for 50 percent of revenues and transfers and Higher Education (69 percent) and State Employees' Health Benefit Plan (23 percent) accounted for 92 percent of expense.

In fiscal year 2007, business-type activities expenses were funded 73.8 percent, or \$6 billion, from program revenues and 26.2 percent from general revenues, which include tax revenues transferred from governmental activities to fund higher education. The significant business-type activities are included in the chart below:



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2007, the State of Georgia's governmental funds reported combined ending fund balances of \$7.2 billion, an increase of \$1.8 billion in comparison with the prior fiscal year (after restatement of the prior year balance). Approximately 52 percent of this total amount (\$3.7 billion) constitutes *unreserved fund balance*, the majority of which is \$1.7 billion in the General Fund for revenue shortfall (\$188 million to fund education programs and \$1.5 billion for revenue shortfalls as required by State Law) and \$1.5 billion in the Capital Projects Fund which is designated to fund capital acquisitions. The remainder of fund balance is *reserved* to indicate that it is restricted for specific purposes. These reservations include commitments 1) to liquidate contracts and purchase orders (\$864 million), 2) to provide and maintain an adequate system of public roads and

bridges in the State (\$1.2 billion appropriated to the Georgia Department of Transportation [GDOT], \$61 million committed to subsequent appropriation to GDOT), 3) to administer education programs funded by the State's lottery (\$897 million), and 4) for a variety of other restricted purposes (\$450 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year the General Fund reflected no unreserved, undesignated fund balance, while total fund balance reached \$5.6 billion.

Economic growth continued through the current fiscal year, resulting in collections of general revenues exceeding estimates used in the budget by \$652 million. The State maintained moderate growth in expenditures which contributed to an increase (\$1.3 billion) in fund balance for the General Fund. By the end of the year, fund balance for the General Fund had grown 30.7 percent from the prior year restated amount.

The Capital Projects Fund, in total, has a fund balance of \$1.5 billion, most of which is designated for future capital outlay. The State has five capital projects funds, with one being considered a major fund for presentation purposes for fiscal year 2007. The major capital projects fund, as mentioned earlier, is the Georgia State Financing and Investment Commission (GSFIC); the total fund balance for GSFIC is \$1.47 billion. The total net increase in fund balance during the current year in the capital projects fund (\$268 million) resulted from the proceeds from the issuance of bond debt in excess of the use of such proceeds for construction and equipment.

### **Proprietary Funds**

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

## **BUDGETARY HIGHLIGHTS**

The final budget exceeded original appropriations by approximately \$8.4 billion. This increase resulted primarily from \$2.9 billion of federal revenues, and \$4.9 billion of other revenues being amended into the budget by the State organizations that anticipated earning the funds. Additionally, the State's Supplementary Appropriations Act increased budgeted state general revenues by \$504 million.

At fiscal year end, funds available were approximately \$2.4 billion less than final budgetary estimates and expenditures were approximately \$3.5 billion less than final budgetary estimates, resulting in an excess of funds available over expenditures of approximately \$1.1 billion.

Excesses of state funds existing as of the end of each fiscal year are reserved and added to the budgetary Revenue Shortfall Reserve. The reserve cannot exceed 10 percent of the previous fiscal year net budgetary revenue for any given fiscal year and up to 1 percent of the preceding fiscal year's budgetary net revenue collections may be appropriated from the reserve to fund increased K-12 educational needs. The State's economic growth, as indicated above, contributed to an increase of \$767 million in the Revenue Shortfall Reserve for the current year, resulting in the fiscal year 2007 balance of \$1.73 billion. The reserve amount was 9.2 percent of budgetary net revenue collections and \$188 million of the reserve is available to fund increased K-12 needs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2007, was \$36.5 billion, less accumulated depreciation of \$13.6 billion (net book value of \$22.9 billion). Investment in capital assets includes land, buildings and building improvements, improvements other than buildings, personal property (machinery and equipment), infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State of Georgia's investment in capital assets for the current fiscal year was \$2.8 billion, or 8.4 percent (an 8.3 percent increase for governmental activities and an 8.6 percent increase for business-type activities). Accumulated depreciation increased \$1.2 billion or 10.0 percent (an 11.7 percent increase for governmental activities and a 4.6 percent increase for business-type activities). Capital assets, net of accumulated depreciation, the balances of which are reflected below, changed from the prior year as follows: land increased \$317 million or 15 percent (primarily purchases for transportation), buildings and building improvements increased \$375 million or 7 percent, improvements other than buildings decreased \$5 million or 3 percent, machinery and equipment increased \$290 million or 34 percent, software decreased \$15 million or 35 percent, library collections increased \$14 million or 9 percent, works of art and collections increased \$11 million or 51 percent, infrastructure increased \$498 million or 5 percent and construction in progress increased \$114 million or 4 percent.

**State of Georgia**  
**Capital Assets, Net of Accumulated Depreciation as of June 30, 2007 and 2006**  
**(expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 2,222,763	\$ 1,917,548	\$ 235,655	\$ 223,606	\$ 2,458,418	\$ 2,141,154
Buildings and Building Improvements	1,858,250	1,840,017	3,992,256	3,635,036	5,850,506	5,475,053
Improvements Other Than Buildings	40,367	43,180	161,935	164,401	202,302	207,581
Machinery and Equipment	255,219	225,978	891,831	630,845	1,147,050	856,823
Software	27,099	29,810	432	12,329	27,531	42,139
Library Collections	-	-	165,650	151,781	165,650	151,781
Works of Art and Collections	1,872	1,892	32,068	20,551	33,940	22,443
Infrastructure	9,610,019	9,013,694	116,497	215,171	9,726,516	9,228,865
Construction in Progress	3,094,547	3,005,536	195,372	170,473	3,289,919	3,176,009
Total	\$ <u>17,110,136</u>	\$ <u>16,077,655</u>	\$ <u>5,791,696</u>	\$ <u>5,224,193</u>	\$ <u>22,901,832</u>	\$ <u>21,301,848</u>

Additional information on the State's capital assets can be found in Note 6 to the financial statements of this report.

### Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of \$8.8 billion. As illustrated below, substantially all of this amount is backed by the full faith and credit of the government (*general obligation debt*). The remaining debt represents guaranteed revenue bonds (\$633 million) which are to be repaid from specified revenue sources, but the full payment of which is guaranteed by the State in accordance with the State's Constitution and revenue bonds (\$444 million) secured solely by specified revenue sources.

The most current general obligation bond ratings for Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation are Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt service requirement (general obligation and guaranteed revenue debt) may not exceed 10 percent of the previous fiscal year's revenue collections. The State's current highest annual debt service requirement is 5.7 percent of the previous fiscal year's revenue collections.

**State of Georgia**  
**Outstanding Bond Debt as of June 30, 2007 and 2006**  
**(expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 7,688,919	\$ 6,909,343	\$ -	\$ -	\$ 7,688,919	\$ 6,909,343
Revenue Bonds	1,037,993	-	38,540	-	1,076,533	-
	<u>\$ 8,726,912</u>	<u>\$ 6,909,343</u>	<u>\$ 38,540</u>	<u>\$ -</u>	<u>\$ 8,765,452</u>	<u>\$ 6,909,343</u>

The State of Georgia's total long-term liabilities increased by \$2.3 billion (28.1 percent) during the current fiscal year. The key factors contributing to this change are a net increase of \$780 million in general obligation bonds due to the new bond issues exceeding maturities, the issuance of Federal Highway Grant Anticipation Revenue Bonds of \$360 million, the issuance of Federal Highway Reimbursement Revenue Bonds of \$90 million and a net increase of \$365 million in capital lease obligations. The increase in capital lease obligations was primarily (99 percent) in the Higher Education Fund.

Additional information on the State of Georgia's long-term debt can be found in Note 12 of the notes to the financial statements of this report.

## **ECONOMIC FACTORS**

The trend for economic growth in the U. S. has been similar for the State of Georgia. On January 11, 2008, the Department of Revenue announced that net revenue collections during the month of December for fiscal year 2008, increased by \$470 thousand or less than 1 percent from the same period in fiscal year 2007. The year-to-date collections for December 2007 increased by \$348 million or 4.2 percent from the prior year.

The Georgia Department of Labor reported the November 2007 unemployment rate to be 4.2 percent, or 205,722 of a civilian labor force of 4.9 million, down from the prior month's rate of 4.7 percent. The November 2007 rate also indicated a decrease of 0.2 percent from the same month of the prior year.

Total non-farm employment continues to expand in Georgia. Job additions as measured by the increase in total non-farm employment from September 2006 through September 2007 as reported by the Bureau of Labor Statistics totaled 74,300 jobs, an increase of 1.8 percent. This compares to the U.S. employment growth rate of about 1.2 percent for the same period.

The housing sector in Georgia has slowed. Home permits issued in August 2007 were approximately 30 percent below the number of permits issued in August 2006 calculated on a three month moving average basis. Although construction activity has slowed, housing price indicators show that overall home prices in the state are not falling as they are in many regional markets. The Office of Federal Housing Enterprise Oversight (OFHEO) index indicates that the median price of homes in Georgia increased about 4.7 percent in the second quarter of 2007 over the prior year compared to 3.2 percent for the U. S. The S&P/Case Shiller repeat purchase index indicates that prices in the metropolitan Atlanta area increased 1.2 percent in July 2007 over July 2006. For a composite of twenty metropolitan areas, this index decreased 3.9 percent over this period.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, Atlanta, Georgia 30334-9010.

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## BASIC FINANCIAL STATEMENTS

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# State of Georgia

## Statement of Net Assets

June 30, 2007

(expressed in thousands)

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
<b>Assets</b>				
Cash and Cash Equivalents	\$ 4,009,365	\$ 2,460,744	\$ 6,470,109	\$ 960,494
Investments	3,738,181	399,828	4,138,009	3,112,240
Accounts Receivable (Net)				
Interest and Dividends	61,756	—	61,756	19,372
Notes and Loans	1,547	44,270	45,817	1,441,921
Taxes	1,676,415	—	1,676,415	311
Other	509,631	316,657	826,288	1,103,885
Internal Balances	108,460	(108,460)	0	—
Due From Primary Government	—	—	0	4,544
Due From Component Units	16,181	74,293	90,474	94,982
Intergovernmental Receivables	1,304,248	53,271	1,357,519	13,714
Inventories	53,708	29,113	82,821	16,915
Prepaid Items	42,296	48,694	90,990	13,010
Other Assets	1,327	26,760	28,087	128,145
Restricted Assets				
Cash and Cash Equivalents	40,574	—	40,574	187,386
Investments	1,569	—	1,569	379,095
Receivables				
Loans (Net)	—	—	0	616,802
Interest and Dividends	—	—	0	5,298
Other	—	—	0	131
Advances to Component Units	14,475	2,003	16,478	—
Deferred Charges	15,637	—	15,637	15,076
Capital Assets				
Nondepreciable	5,318,686	462,181	5,780,867	522,904
Depreciable (Net of Accumulated Depreciation)	11,791,450	5,329,515	17,120,965	1,440,690
<b>Total Assets</b>	<b>\$ 28,705,506</b>	<b>\$ 9,138,869</b>	<b>\$ 37,844,375</b>	<b>\$ 10,076,915</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 2,327,237	\$ 129,990	\$ 2,457,227	\$ 288,278
Due to Primary Government	—	—	0	90,474
Due to Component Units	57	4,487	4,544	94,982
Salaries/Withholdings Payable	56,562	19,000	75,562	10,816
Benefits Payable	746,442	220,440	966,882	—
Accrued Interest Payable	126,176	—	126,176	3,664
Contracts Payable	67,472	18,522	85,994	751
Commercial Paper Payable	45,000	—	45,000	—
Undistributed Local Government Sales Tax	140,700	—	140,700	—
Funds Held for Others	122,388	61,327	183,715	23,612
Unearned Revenue	218,903	276,663	495,566	678,268
Deposits	8,431	28,088	36,519	—
Claims and Judgments Payable	342,358	—	342,358	—
Liabilities Payable from Restricted Assets	—	—	0	15,514
Other Liabilities	3,711	10,792	14,503	113,267
Noncurrent Liabilities:				
Due within one year	750,026	144,313	894,339	182,475
Due in more than one year	8,314,408	1,289,761	9,604,169	2,750,392
<b>Total Liabilities</b>	<b>\$ 13,269,871</b>	<b>\$ 2,203,383</b>	<b>\$ 15,473,254</b>	<b>\$ 4,252,493</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

June 30, 2007

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 10,804,344	\$ 4,582,190	\$ 15,386,534	\$ 954,567
Restricted for:				
Bond Covenants/Debt Service	—	—	0	60,054
Construction	—	—	0	12,386
Guaranteed Revenue Debt Common Reserve Fund	71,691	—	71,691	—
Loan and Grant Programs	—	—	0	41,628
Lottery for Education	896,530	—	896,530	—
Motor Fuel Tax Funds	1,276,775	—	1,276,775	—
Permanent Trusts:				
Nonexpendable	14	133,768	133,782	877,647
Expendable	—	215,543	215,543	918,724
Unemployment Compensation Benefits	—	1,474,544	1,474,544	—
Other Purposes	153,240	53,935	207,175	2,376
Unrestricted	2,233,041	475,506	2,708,547	2,957,040
<b>Total Net Assets</b>	<b>\$ 15,435,635</b>	<b>\$ 6,935,486</b>	<b>\$ 22,371,121</b>	<b>\$ 5,824,422</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

Functions/Programs	Program		
	Expenses	Sales and Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 1,830,659	\$ 1,653,554	\$ 99,030
Education	9,948,891	2,102	1,573,470
Health and Welfare	11,764,652	504,520	7,400,929
Transportation	1,705,285	24,848	274,033
Public Safety	1,891,555	334,033	147,916
Economic Development and Assistance	759,979	78,821	457,432
Culture and Recreation	286,132	146,877	37,386
Conservation	102,149	6,288	51,022
Interest and Other Charges on Long-Term Debt	385,449	—	—
Total Governmental Activities	\$ 28,674,751	\$ 2,751,043	\$ 10,041,218
Business-Type Activities:			
Higher Education Fund	\$ 5,592,755	\$ 1,694,368	\$ 1,588,503
State Employees' Health Benefit Plan	1,868,431	—	2,013,288
Unemployment Compensation Fund	626,058	223	612,742
State Road and Tollway Authority	12,845	20,854	—
Total Business-Type Activities	\$ 8,100,089	\$ 1,715,445	\$ 4,214,533
Total Primary Government	\$ 36,774,840	\$ 4,466,488	\$ 14,255,751
<b>Component Units</b>			
Georgia Environmental Facilities Authority	\$ 31,897	\$ 36,242	\$ 65,383
Georgia Housing and Finance Authority	92,199	46,097	41,803
Georgia Lottery Corporation	3,186,980	3,183,453	—
Georgia Tech Foundation, Incorporated	115,988	17,060	52,201
Nonmajor Component Units	1,756,246	1,063,887	617,154
Total Component Units	\$ 5,183,310	\$ 4,346,739	\$ 776,541

### General Revenues:

Taxes
Personal Income Taxes
General Sales Taxes
Other Taxes
Unrestricted Investment Income
Unclaimed Property
Other
Payments from the State of Georgia
Contributions to Permanent Endowments
Transfers
Total General Revenues, Contributions to Permanent Endowments and Transfers
Change in Net Assets
Net Assets - Beginning - Restated (Note 3)
Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Revenues		Changes in Net Assets			
Capital Grants and Contributions		Primary Government			Component Units
		Governmental Activities	Business-Type Activities	Total	
\$ 19,047	\$ (59,028)	\$ —	\$ (59,028)	\$ —	
—	(8,373,319)	—	(8,373,319)	—	
—	(3,859,203)	—	(3,859,203)	—	
1,177,742	(228,662)	—	(228,662)	—	
4,745	(1,404,861)	—	(1,404,861)	—	
9,028	(214,698)	—	(214,698)	—	
2,858	(99,011)	—	(99,011)	—	
—	(44,839)	—	(44,839)	—	
—	(385,449)	—	(385,449)	—	
<u>\$ 1,213,420</u>	<u>\$ (14,669,070)</u>	<u>\$ —</u>	<u>\$ (14,669,070)</u>	<u>\$ —</u>	
\$ 48,490	\$ —	\$ (2,261,394)	\$ (2,261,394)	\$ —	
—	—	144,857	144,857	—	
—	—	(13,093)	(13,093)	—	
—	—	8,009	8,009	—	
<u>\$ 48,490</u>	<u>\$ —</u>	<u>\$ (2,121,621)</u>	<u>\$ (2,121,621)</u>	<u>\$ —</u>	
<u>\$ 1,261,910</u>	<u>\$ (14,669,070)</u>	<u>\$ (2,121,621)</u>	<u>\$ (16,790,691)</u>	<u>\$ —</u>	
\$ 65,613	\$ —	\$ —	\$ —	\$ 135,341	
—	—	—	—	(4,299)	
—	—	—	—	(3,527)	
—	—	—	—	(46,727)	
69,646	—	—	—	(5,559)	
<u>\$ 135,259</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,229</u>	
\$ 8,778,933	\$ —	\$ 8,778,933	\$ —		
6,662,730	—	6,662,730	—		
2,434,321	—	2,434,321	28,100		
470,480	147,034	617,514	458,161		
140,367	—	140,367	—		
54,317	47	54,364	17,275		
—	—	0	73,564		
—	—	0	53,874		
(2,478,882)	2,478,882	0	—		
<u>\$ 16,062,266</u>	<u>\$ 2,625,963</u>	<u>\$ 18,688,229</u>	<u>\$ 630,974</u>		
<u>\$ 1,393,196</u>	<u>\$ 504,342</u>	<u>\$ 1,897,538</u>	<u>\$ 706,203</u>		
<u>14,042,439</u>	<u>6,431,144</u>	<u>20,473,583</u>	<u>5,118,219</u>		
<u>\$ 15,435,635</u>	<u>\$ 6,935,486</u>	<u>\$ 22,371,121</u>	<u>\$ 5,824,422</u>		

# State of Georgia

## Balance Sheet

### Governmental Funds

June 30, 2007

(expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,390,400	\$ 6,365	\$ 440,983	\$ 3,837,748
Investments	1,967,946	1,533,397	71,793	3,573,136
Receivables (Net of Allowances for Uncollectibles)				
Taxes	1,676,415	—	—	1,676,415
Interest and Dividends	61,756	—	—	61,756
Notes and Loans	1,547	—	—	1,547
Other	478,395	—	277	478,672
Due from Other Funds	311,577	—	407	311,984
Due from Component Units	13,292	—	—	13,292
Intergovernmental Receivables	1,304,175	—	—	1,304,175
Inventories	45,106	—	—	45,106
Prepaid Items	41,212	—	15	41,227
Restricted Assets				
Cash and Cash Equivalents	—	—	40,574	40,574
Investments	—	—	1,569	1,569
Advances to Component Units	17,166	—	—	17,166
Other Assets	1,326	—	—	1,326
<b>Total Assets</b>	<b>\$ 9,310,313</b>	<b>\$ 1,539,762</b>	<b>\$ 555,618</b>	<b>\$ 11,405,693</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 2,290,711	\$ 21,869	\$ 227	\$ 2,312,807
Due to Other Funds	135,644	—	319,287	454,931
Due to Component Units	57	—	—	57
Salaries/Withholdings Payable	56,531	—	—	56,531
Benefits Payable	746,442	—	—	746,442
Contracts Payable	30,983	36,488	—	67,471
Undistributed Local Government Sales Tax	140,700	—	—	140,700
Funds Held for Others	122,386	—	—	122,386
Deferred Revenue	218,557	—	—	218,557
Commercial Paper Payable	—	—	45,000	45,000
Other Liabilities	3,515	8,426	196	12,137
<b>Total Liabilities</b>	<b>\$ 3,745,526</b>	<b>\$ 66,783</b>	<b>\$ 364,710</b>	<b>\$ 4,177,019</b>
<b>Fund Balances:</b>				
Reserved for Advances	\$ 17,166	\$ —	\$ —	\$ 17,166
Reserved for Encumbrances	863,917	—	—	863,917
Reserved for Georgia Academy for the Blind	—	—	14	14
Reserved for Guaranteed Revenue Debt Common Reserve Fund	71,691	—	—	71,691
Reserved for Inventories	40,770	—	—	40,770
Reserved for Lottery for Education	896,530	—	—	896,530
Reserved for Roads and Bridges (Motor Fuel Tax Funds)	1,276,775	—	—	1,276,775
Reserved for Unissued Debt/Debt Service	150,865	—	—	150,865
Reserved for Other Specific Purposes	169,985	—	—	169,985
Unreserved				
Designated for Capital Outlay	—	1,472,979	—	1,472,979
Designated for Revenue Shortfall				
Education (K - 12)	188,404	—	—	188,404
Other	1,544,595	—	—	1,544,595
Designated for Other Specific Purposes (Tobacco Settlement Funds and Other)	344,089	—	—	344,089
Unreserved, Undesignated, Reported in				
General Fund	—	—	—	0
Special Revenue Funds	—	—	187,585	187,585
Capital Projects Funds	—	—	3,309	3,309
<b>Total Fund Balances</b>	<b>\$ 5,564,787</b>	<b>\$ 1,472,979</b>	<b>\$ 190,908</b>	<b>\$ 7,228,674</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,310,313</b>	<b>\$ 1,539,762</b>	<b>\$ 555,618</b>	<b>\$ 11,405,693</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets June 30, 2007 (expressed in thousands)

Total Fund Balances - Governmental Funds \$ 7,228,674

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 2,201,233	
Buildings and Building Improvements	2,556,834	
Improvements Other Than Buildings	72,466	
Equipment	744,468	
Infrastructure	18,230,608	
Construction in Progress	3,094,547	
Works of Art	756	
Software	82,692	
Accumulated Depreciation	<u>(10,191,439)</u>	16,792,165

Bond issuance costs are reported as expenditures in the funds. However, issuance costs are deferred and amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets.

15,637

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of a majority of the internal service funds are included in governmental activities in the Statement of Net Assets.

576,174

Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds	\$ (7,615,665)	
Premiums	(181,037)	
Deferred Amount on Refunding	107,783	
Accrued Interest Payable	(115,874)	
Revenue Bonds	(994,870)	
Premiums	(43,123)	
Accrued Interest Payable	(10,302)	
Capital Leases	(3,202)	
Compensated Absences	(311,690)	
Long-Term Notes	(568)	
Arbitrage Rebate	<u>(8,467)</u>	<u>(9,177,015)</u>

Total Net Assets - Governmental Activities \$ 15,435,635

# State of Georgia

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 17,875,985	\$ —	\$ —	\$ 17,875,985
Licenses and Permits	649,930	—	—	649,930
Intergovernmental - Federal	10,648,457	—	—	10,648,457
Intergovernmental - Other	401,393	—	244	401,637
Sales and Services	687,164	—	113	687,277
Fines and Forfeits	344,139	—	—	344,139
Interest and Other Investment Income	330,140	84,807	28,279	443,226
Rents and Royalties	17,039	—	76	17,115
Contributions and Donations	8,202	—	248	8,450
Penalties and Interest on Taxes	7,045	—	—	7,045
Unclaimed Property	140,367	—	—	140,367
Lottery Proceeds	853,641	—	—	853,641
Nursing Home Provider Fees	111,768	—	—	111,768
Other	225,562	—	141	225,703
<b>Total Revenues</b>	<b>\$ 32,300,832</b>	<b>\$ 84,807</b>	<b>\$ 29,101</b>	<b>\$ 32,414,740</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	\$ 1,206,357	\$ 687	\$ 13	\$ 1,207,057
Education	9,945,326	—	1	9,945,327
Health and Welfare	11,724,373	—	—	11,724,373
Transportation	2,620,959	—	7,116	2,628,075
Public Safety	1,841,350	—	—	1,841,350
Economic Development and Assistance	737,996	—	2,002	739,998
Culture and Recreation	293,620	—	—	293,620
Conservation	101,773	—	—	101,773
Capital Outlay	—	474,021	29	474,050
Debt Service				
Principal	—	—	679,216	679,216
Interest	—	—	409,632	409,632
Accrued Interest on Bonds Retired in Advance	—	—	128	128
Discount on Bonds Retired in Advance	—	—	(13,600)	(13,600)
Other Debt Service Expenditures	—	2,399	218	2,617
Intergovernmental	—	324,056	—	324,056
<b>Total Expenditures</b>	<b>\$ 28,471,754</b>	<b>\$ 801,163</b>	<b>\$ 1,084,755</b>	<b>\$ 30,357,672</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 3,829,078</b>	<b>\$ (716,356)</b>	<b>\$ (1,055,654)</b>	<b>\$ 2,057,068</b>
<b>Other Financing Sources (Uses):</b>				
Debt Issuance - General Obligation Bonds	\$ —	\$ 1,410,648	\$ —	\$ 1,410,648
Debt Issuance - Refunding Bonds	—	—	213,720	213,720
Debt Issuance - Revenue Bonds	—	—	450,000	450,000
Debt Issuance - General Obligation Bonds - Premium	—	3,894	—	3,894
Debt Issuance - Refunding Bonds - Premium	—	—	18,922	18,922
Debt Issuance - Revenue Bonds - Premium	—	—	19,967	19,967
Debt Issuance - Refunding Bonds - Accrued Interest	—	—	742	742
Payment to Refunded Bond Escrow Agent	—	—	(235,516)	(235,516)
Capital Leases	777	—	—	777
Transfers In	817,488	31,983	1,076,081	1,925,552
Transfers Out	(3,339,021)	(456,603)	(416,330)	(4,211,954)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (2,520,756)</b>	<b>\$ 989,922</b>	<b>\$ 1,127,586</b>	<b>\$ (403,248)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,308,322</b>	<b>\$ 273,566</b>	<b>\$ 71,932</b>	<b>\$ 1,653,820</b>
<b>Fund Balances, July 1</b>	<b>4,266,823</b>	<b>1,199,413</b>	<b>10,499</b>	<b>5,476,735</b>
<b>Adjustments (Note 3)</b>	<b>(10,358)</b>	<b>—</b>	<b>108,477</b>	<b>98,119</b>
<b>Fund Balances, June 30</b>	<b>\$ 5,564,787</b>	<b>\$ 1,472,979</b>	<b>\$ 190,908</b>	<b>\$ 7,228,674</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>1,653,820</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$	1,923,405
Depreciation expense		<u>(976,945)</u>
		946,460
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		15,395
Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		(2,072,807)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		(777)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Payments were made on the following long-term liabilities:		
General Obligation Bonds	\$	853,155
Revenue Bonds		47,955
Contracts		5,374
Notes		228
Capital Leases		<u>2,057</u>
		908,769
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		24,429
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	\$	(55,964)
Accrued Interest on Bonds Payable		2,385
Arbitrage Rebate		(5,921)
Amortization of Deferred Amount on Refunding		2,435
Amortization of Bond Premiums		(25,256)
Allocation of Deferred Bond Issuance Costs		<u>228</u>
		<u>(82,093)</u>
<b>Change in Net Assets - Governmental Activities</b>	<b>\$</b>	<b><u>1,393,196</u></b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

### Proprietary Funds

June 30, 2007

(expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 704,639	\$ 337,359	\$ 1,396,129	\$ 6,813
Investments	136,186	70,276	—	—
Accounts Receivable (Net of Allowances for Uncollectibles)	174,308	29,068	113,223	56
Due From Other Funds	—	—	—	8,447
Due From Component Units	74,293	—	—	—
Intergovernmental Receivables	52,940	—	331	—
Inventories	28,255	—	—	858
Prepaid Items	48,694	—	—	—
Other Assets	20	—	—	26,740
<b>Noncurrent Assets:</b>				
Restricted Cash and Cash Equivalents	15,649	—	—	66
Investments	120,395	50,007	—	22,964
Notes Receivable	44,270	—	—	—
Advances to Component Units	2,003	—	—	—
<b>Capital Assets:</b>				
Land	235,655	—	—	—
Buildings and Building Improvements	5,557,297	—	—	4,938
Improvements Other Than Buildings	272,981	—	—	2,517
Machinery and Equipment	1,772,241	—	—	4,787
Software	—	—	—	685
Library Collections	650,187	—	—	—
Works of Art and Collections	32,512	—	—	—
Infrastructure	170,383	—	—	—
Construction in Progress	195,372	—	—	—
Accumulated Depreciation	(3,097,562)	—	—	(10,303)
<b>Total Assets</b>	<b>\$ 7,190,718</b>	<b>\$ 486,710</b>	<b>\$ 1,509,683</b>	<b>\$ 68,568</b>

The notes to the financial statements are an integral part of this statement.

		Governmental Activities - Internal Service Funds	
<u>Total</u>			
\$	2,444,940	\$	171,706
	206,462		31,948
	316,655		30,926
	8,447		182,478
	74,293		198
	53,271		73
	29,113		8,602
	48,694		1,070
	26,760		—
	15,715		—
	193,366		133,097
	44,270		—
	2,003		—
	235,655		21,530
	5,562,235		397,717
	275,498		5,160
	1,777,028		116,469
	685		58,094
	650,187		—
	32,512		1,240
	170,383		—
	195,372		—
	<u>(3,107,865)</u>		<u>(282,233)</u>
\$	<u>9,255,679</u>	\$	<u>878,075</u>
		(continued)	

# State of Georgia

## Statement of Net Assets Proprietary Funds (continued) June 30, 2007 (expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Other Accruals	\$ 118,299	\$ 2,757	\$ 8,601	\$ 54
Due to Other Funds	47,175	—	—	—
Due to Component Units	987	—	—	—
Salaries/Withholdings Payable	18,988	12	—	—
Benefits Payable	27,147	179,907	13,386	—
Contracts Payable	18,522	—	—	—
Funds Held for Others	61,327	—	—	—
Unearned Revenue	197,339	56,079	13,152	—
Deposits	28,088	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	102,026	109	—	—
Capital Leases/Installment Purchases Payable - Current	34,469	—	—	—
Notes Payable - Current	303	—	—	—
Other Current Liabilities	6,617	—	—	421
Current Liabilities Payable from Restricted Assets				
Unearned Revenue	—	—	—	2,909
Deposits	—	—	—	113
Accrued Interest Payable	—	—	—	938
Revenue Bonds Payable	—	—	—	7,200
Noncurrent Liabilities:				
Due to Component Units	3,500	—	—	—
Unearned Revenue	10,093	—	—	—
Compensated Absences Payable	81,308	138	—	—
Capital Leases/Installment Purchases Payable	1,167,055	—	—	—
Notes Payable	9,174	—	—	—
Revenue Bonds Payable	—	—	—	32,395
Unamortized Premium	—	—	—	422
Deferred Amount on Refunding	—	—	—	(1,477)
Other Noncurrent Liabilities	746	—	—	—
<b>Total Liabilities</b>	<b>\$ 1,933,163</b>	<b>\$ 239,002</b>	<b>\$ 35,139</b>	<b>\$ 42,975</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 4,579,559	\$ —	\$ —	2,625
Restricted for:				
Capital Projects	53,935	—	—	—
Distance Learning and Telemedicine	—	—	—	—
Permanent Trusts:				
Nonexpendable	133,768	—	—	—
Expendable	215,543	—	—	—
Surplus Property Working Capital	—	—	—	—
Unemployment Compensation Benefits	—	—	1,474,544	—
Unrestricted	274,750	247,708	—	22,968
<b>Total Net Assets</b>	<b>\$ 5,257,555</b>	<b>\$ 247,708</b>	<b>\$ 1,474,544</b>	<b>\$ 25,593</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

		Governmental Activities - Internal Service Funds
Total		
\$ 129,711	\$ 14,710	
47,175	768	
987	—	
19,000	29	
220,440	—	
18,522	—	
61,327	2	
266,570	347	
28,088	6	
0	342,358	
102,135	4,036	
34,469	2,337	
303	—	
7,038	—	
2,909	—	
113	—	
938	—	
7,200	—	
3,500	—	
10,093	—	
81,446	4,599	
1,167,055	2,623	
9,174	—	
32,395	—	
422	—	
(1,477)	—	
746	—	
<u>\$ 2,250,279</u>	<u>\$ 371,815</u>	
\$ 4,582,184	\$ 313,017	
53,935	—	
0	814	
133,768	—	
215,543	—	
0	2,355	
1,474,544	—	
<u>545,426</u>	<u>190,074</u>	
\$ 7,005,400	\$ <u>506,260</u>	
<u>(69,914)</u>		
<u>\$ 6,935,486</u>		

# State of Georgia

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Business-Type Activities		
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
Operating Revenues:			
Operating Grants and Contributions/Premiums	\$ 1,386,963	\$ 2,013,288	\$ 612,742
Rents and Royalties	4,891	—	—
Sales and Services	646,234	—	—
Tuition and Fees	1,204,116	—	—
Less: Scholarship Allowances	(242,241)	—	—
Other	81,368	—	223
Total Operating Revenues	\$ 3,081,331	\$ 2,013,288	\$ 612,965
Operating Expenses:			
Personal Services	\$ 3,189,908	\$ 5,209	\$ —
Services and Supplies	1,805,838	25,893	—
Scholarships and Fellowships	229,124	—	—
Benefits	—	1,837,329	626,058
Claims and Judgments	—	—	—
Depreciation	302,893	—	—
Amortization	—	—	—
Total Operating Expenses	\$ 5,527,763	\$ 1,868,431	\$ 626,058
Operating Income (Loss)	\$ (2,446,432)	\$ 144,857	\$ (13,093)
Nonoperating Revenues (Expenses):			
Grants and Contributions	\$ 201,540	\$ —	\$ —
Interest and Other Investment Income	61,444	23,071	61,415
Interest Expense	(54,544)	—	—
Other	(2,433)	—	—
Total Nonoperating Revenues (Expenses)	\$ 206,007	\$ 23,071	\$ 61,415
Income (Loss) Before Contributions and Transfers	\$ (2,240,425)	\$ 167,928	\$ 48,322
Capital Contributions	\$ 263,921	\$ —	\$ —
Transfers:			
Transfers In	\$ 2,270,147	\$ —	\$ —
Transfers Out	(2,373)	—	—
Net Transfers	\$ 2,267,774	\$ 0	\$ 0
Change in Net Assets	\$ 291,270	\$ 167,928	\$ 48,322
Net Assets, July 1 (Restated)	4,966,285	79,780	1,426,222
Net Assets, June 30	\$ 5,257,555	\$ 247,708	\$ 1,474,544

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds		
Nonmajor Fund		Governmental
State Road and Tollway Authority	Total	Activities - Internal Service Funds
\$ —	\$ 4,012,993	\$ 84,649
47	4,938	45,342
20,854	667,088	228,098
—	1,204,116	—
—	(242,241)	—
—	81,591	537
<u>\$ 20,901</u>	<u>\$ 5,728,485</u>	<u>\$ 358,626</u>
1,627	\$ 3,196,744	\$ 78,838
3,593	1,835,324	218,078
—	229,124	—
—	2,463,387	—
—	0	76,715
791	303,684	27,161
<u>4,958</u>	<u>4,958</u>	<u>—</u>
<u>\$ 10,969</u>	<u>\$ 8,033,221</u>	<u>\$ 400,792</u>
<u>\$ 9,932</u>	<u>\$ (2,304,736)</u>	<u>\$ (42,166)</u>
\$ —	\$ 201,540	\$ —
1,104	147,034	21,598
(1,876)	(56,420)	(252)
—	(2,433)	14,324
<u>\$ (772)</u>	<u>\$ 289,721</u>	<u>\$ 35,670</u>
<u>\$ 9,160</u>	<u>\$ (2,015,015)</u>	<u>\$ (6,496)</u>
<u>\$ —</u>	<u>\$ 263,921</u>	<u>\$ 3,055</u>
\$ —	\$ 2,270,147	\$ 30,204
(4,408)	(6,781)	(10,264)
<u>\$ (4,408)</u>	<u>\$ 2,263,366</u>	<u>\$ 19,940</u>
\$ 4,752	\$ 512,272	\$ 16,499
<u>20,841</u>		<u>489,761</u>
<u>\$ 25,593</u>		<u>\$ 506,260</u>
	<u>(7,930)</u>	
<u>\$ 504,342</u>		

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Business-Type Activities	
	Higher Education Fund	State Employees' Health Benefit Plan
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 657,894	\$ —
Cash Received from Grants and Required Contributions/Premiums	1,358,528	2,017,974
Cash Received from Tuition and Fees	966,856	—
Cash Paid to Vendors	(2,229,317)	(25,228)
Cash Paid to Employees	(2,694,894)	(5,202)
Cash Paid for Benefits	—	(1,904,772)
Cash Paid for Claims and Judgments	—	—
Cash Paid for Scholarships, Fellowships and Loans	(243,233)	—
Other Operating Items (Net)	96,464	—
Net Cash Provided by (Used in) Operating Activities	\$ (2,087,702)	\$ 82,772
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	\$ 2,270,147	\$ —
Transfers to Other Funds	(2,373)	—
Other Noncapital Items (Net)	221,889	—
Net Cash Provided by Noncapital Financing Activities	\$ 2,489,663	\$ 0
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	\$ 86,736	\$ —
Proceeds from Sale of Capital Assets	10,718	—
Proceeds from Capital Debt	7,000	—
Acquisition and Construction of Capital Assets	(346,665)	—
Principal Paid on Capital Debt	(31,554)	—
Interest Paid on Capital Debt	(52,749)	—
Net Cash Used in Capital and Related Financing Activities	\$ (326,514)	\$ 0
Cash Flows from Investing Activities:		
Sale (Purchase) of Investments (Net)	\$ 29,585	\$ 9,285
Interest and Dividends Received	46,201	23,071
Net Cash Provided by (Used in) Investing Activities	\$ 75,786	\$ 32,356
Net Increase in Cash and Cash Equivalents	\$ 151,233	\$ 115,128
Cash and Cash Equivalents, July 1	569,055	222,231
Cash and Cash Equivalents, June 30	\$ 720,288	\$ 337,359
Statement of Net Assets Reconciliation:		
Current Assets	\$ 704,639	\$ 337,359
Noncurrent Assets	15,649	—
Total Cash and Cash Equivalents, June 30	\$ 720,288	\$ 337,359

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority	Total	Governmental Activities - Internal Service Funds
\$ —	\$ 22,846	\$ 680,740	\$ 270,585
629,305	—	4,005,807	41,460
—	—	966,856	—
—	(4,772)	(2,259,317)	(211,338)
—	(1,633)	(2,701,729)	(77,614)
(623,005)	—	(2,527,777)	—
—	—	0	(107,605)
—	—	(243,233)	—
223	—	96,687	81
<u>\$ 6,523</u>	<u>\$ 16,441</u>	<u>\$ (1,981,966)</u>	<u>\$ (84,431)</u>
\$ —	\$ —	\$ 2,270,147	\$ 4,500
—	(4,408)	(6,781)	(10,264)
—	4,582	226,471	71,076
<u>\$ 0</u>	<u>\$ 174</u>	<u>\$ 2,489,837</u>	<u>\$ 65,312</u>
\$ —	\$ —	\$ 86,736	\$ 1,487
—	—	10,718	15
—	—	7,000	—
—	(52)	(346,717)	(18,908)
—	(6,915)	(38,469)	(2,382)
—	(2,018)	(54,767)	(252)
<u>\$ 0</u>	<u>\$ (8,985)</u>	<u>\$ (335,499)</u>	<u>\$ (20,040)</u>
\$ —	\$ (1,855)	\$ 37,015	\$ 112,809
61,415	1,104	131,791	17,407
<u>\$ 61,415</u>	<u>\$ (751)</u>	<u>\$ 168,806</u>	<u>\$ 130,216</u>
\$ 67,938	\$ 6,879	\$ 341,178	\$ 91,057
1,328,191	—	2,119,477	80,649
<u>\$ 1,396,129</u>	<u>\$ 6,879</u>	<u>\$ 2,460,655</u>	<u>\$ 171,706</u>
\$ 1,396,129	\$ 6,813	\$ 2,444,940	\$ 171,706
—	66	15,715	—
<u>\$ 1,396,129</u>	<u>\$ 6,879</u>	<u>\$ 2,460,655</u>	<u>\$ 171,706</u>

(continued)

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Business-Type Activities	
	Higher Education Fund	State Employees' Health Benefit Plan
Operating Income (Loss)	\$ (2,446,432)	\$ 144,857
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation/Amortization Expense	302,893	—
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(30,983)	6,678
Decrease (Increase) in Due From Other Funds	—	—
Increase in Due From Component Units	—	—
Increase in Intergovernmental Receivables	—	—
Increase in Inventories	(984)	—
Decrease (Increase) in Prepaid Items	920	—
Decrease in Other Assets	401	—
Decrease in Notes Receivable	1,151	—
Increase (Decrease) in Accounts Payable and Other Accruals	46,836	665
Increase in Due to Other Funds	—	—
Increase (Decrease) in Salaries/Withholdings Payable	253	6
Increase (Decrease) in Benefits Payable	(836)	(67,443)
Increase in Funds Held for Others	—	—
Increase (Decrease) in Unearned Revenue	11,471	(1,992)
Decrease in Deposits	—	—
Decrease in Claims and Judgments Payable	—	—
Increase in Compensated Absences Payable	16,099	1
Increase (Decrease) in Other Liabilities	11,509	—
Net Cash Provided by (Used) in Operating Activities	\$ (2,087,702)	\$ 82,772
Noncash Investing, Capital, and Financing Activities:		
Acquisition of Capital and Other Assets through Capital Leases	\$ 390,994	\$ —
Donation of Capital Assets	92,381	—
Net Increase (Decrease) in Fair Value of Investments	15,239	—
Other Noncash Items	233	—

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

Unemployment Compensation Fund	Nonmajor Fund State Road and Tollway Authority	Total	Governmental Activities - Internal Service Funds
\$ (13,093)	\$ 9,932	\$ (2,304,736)	\$ (42,166)
—	5,749	308,642	27,161
20,580	(24)	(3,749)	(498)
—	2,025	2,025	(45,325)
—	—	0	(105)
(178)	—	(178)	(15)
—	(778)	(1,762)	(383)
—	—	920	(816)
—	—	401	—
—	—	1,151	—
3,153	(401)	50,253	7,906
—	—	0	29
—	—	259	(90)
3,053	—	(65,226)	—
—	—	0	2
(6,992)	(45)	2,442	(555)
—	(11)	(11)	—
—	—	0	(30,890)
—	—	16,100	1,314
—	(6)	11,503	—
<u>\$ 6,523</u>	<u>\$ 16,441</u>	<u>\$ (1,981,966)</u>	<u>\$ (84,431)</u>

\$ —	\$ —	\$ 390,994	\$ 4,052
—	—	92,381	27,272
—	—	15,239	4,191
—	—	233	—

# State of Georgia

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2007

(expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 82,784	\$ 5,098,336	\$ 4,418	\$ 417,158	\$ 5,602,696
Receivables					
Interest and Dividends	335,052	11	—	—	335,063
Due from Brokers for Securities Sold	290,092	—	—	—	290,092
Other	1,046,381	—	—	2,455	1,048,836
Due from Other Funds	1,373	—	—	—	1,373
Investments, at Fair Value					
Certificates of Deposit	—	—	—	2,677	2,677
Investment Accounts	87	—	—	—	87
Pooled Investments	16,485,457	905,128	492	53,228	17,444,305
Mutual Funds	1,328,075	—	—	—	1,328,075
Repurchase Agreements	2,637,771	—	—	—	2,637,771
Municipal, U. S. and Foreign					
Government Obligations	15,464,749	—	—	—	15,464,749
Corporate Bonds/Notes/Debentures	2,000,497	—	—	—	2,000,497
Stocks	33,375,811	—	—	—	33,375,811
Asset-Backed Securities	13,254	—	—	—	13,254
Mortgage Investments	61,023	—	—	—	61,023
Real Estate Investment Trusts	1,466	—	—	—	1,466
Capital Assets					
Land	2,071	—	—	—	2,071
Buildings	7,440	—	—	—	7,440
Software	29,247	—	—	—	29,247
Machinery and Equipment	2,566	—	191	—	2,757
Accumulated Depreciation	(13,683)	—	(169)	—	(13,852)
Other Assets	—	—	—	3,656	3,656
<b>Total Assets</b>	<b>\$ 73,151,513</b>	<b>\$ 6,003,475</b>	<b>\$ 4,932</b>	<b>\$ 479,174</b>	<b>\$ 79,639,094</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	\$ 1,029,427	\$ —	\$ 19	\$ 8,556	\$ 1,038,002
Due to Other Funds	1,408	—	—	—	1,408
Due to Brokers for Securities Purchased	105,340	—	—	—	105,340
Salaries/Withholdings Payable	16,584	—	—	—	16,584
Funds Held for Others	—	—	—	471,394	471,394
Notes Payable	27	—	—	—	27
Unearned Revenue	23	—	—	—	23
Compensated Absences Payable	57	—	170	—	227
Other Liabilities	—	—	—	(776)	(776)
<b>Total Liabilities</b>	<b>\$ 1,152,866</b>	<b>\$ 0</b>	<b>\$ 189</b>	<b>\$ 479,174</b>	<b>\$ 1,632,229</b>
<b>Net Assets</b>					
Held in Trust for:					
Pension Benefits	\$ 71,035,264	\$ —	\$ —	\$ —	\$ 71,035,264
Other Employee Benefits	963,383	—	—	—	963,383
Pool Participants	—	6,003,475	—	—	6,003,475
Other Purposes	—	—	4,743	—	4,743
<b>Total Net Assets</b>	<b>\$ 71,998,647</b>	<b>\$ 6,003,475</b>	<b>\$ 4,743</b>	<b>\$ 0</b>	<b>\$ 78,006,865</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 1,643,296	\$ —	\$ —	\$ 1,643,296
Plan Members/Participants	664,118	—	142,273	806,391
Other Contributions				
Fines and Bond Forfeitures	21,592	—	—	21,592
Insurance Company Premium Taxes	22,538	—	—	22,538
Insurance Premiums	9,107	—	—	9,107
Other Fees	4,314	—	—	4,314
Interest and Other Investment Income				
Dividends and Interest	2,040,742	282,753	3,214	2,326,709
Net Appreciation (Depreciation) in Investments Reported at				
Fair Value	7,285,249	577	—	7,285,826
Less: Investment Expense	(74,232)	(1,572)	—	(75,804)
Pool Participant Deposits	—	8,752,250	—	8,752,250
Other				
Transfers from Other Funds	875,416	—	—	875,416
Transfers to Other Funds	(872,320)	—	—	(872,320)
Miscellaneous	2,539	—	—	2,539
<b>Total Additions</b>	<b>\$ 11,622,359</b>	<b>\$ 9,034,008</b>	<b>\$ 145,487</b>	<b>\$ 20,801,854</b>
<b>Deductions:</b>				
General and Administrative Expenses	\$ 68,444	\$ —	\$ 2,996	\$ 71,440
Benefits	3,822,685	—	141,875	3,964,560
Pool Participant Withdrawals	—	7,466,959	—	7,466,959
Refunds	73,707	—	—	73,707
<b>Total Deductions</b>	<b>\$ 3,964,836</b>	<b>\$ 7,466,959</b>	<b>\$ 144,871</b>	<b>\$ 11,576,666</b>
<b>Change in Net Assets Held in Trust for:</b>				
Pension and Other Employee Benefits	\$ 7,657,523	\$ —	\$ —	\$ 7,657,523
Pool Participants	—	1,567,049	—	1,567,049
Other Purposes	—	—	616	616
<b>Net Assets, July 1</b>	<b>64,341,124</b>	<b>4,436,426</b>	<b>4,127</b>	<b>68,781,677</b>
<b>Net Assets, June 30</b>	<b>\$ 71,998,647</b>	<b>\$ 6,003,475</b>	<b>\$ 4,743</b>	<b>\$ 78,006,865</b>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Combining Statement of Net Assets

### Component Units

June 30, 2007

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 223,875	\$ 77,705	\$ 6,804
Investments	78,943	4,625	—
Receivables			
Accounts (Net)	5,252	—	128,182
Taxes	—	—	—
Interest and Dividends	14,413	979	—
Notes and Loans	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
Intergovernmental Receivables	2,064	—	—
Inventories	—	—	—
Prepaid Items	—	—	2,871
Other Current Assets	1	15,793	—
<b>Noncurrent Assets:</b>			
Investments	160,964	99,827	—
Receivables (Net)			
Notes and Loans	1,035,052	232,081	—
Other	—	—	—
Due from Primary Government	—	—	—
Due from Component Units	—	—	—
<b>Restricted Assets</b>			
Cash and Cash Equivalents	—	29,701	4,007
Investments	—	99,652	233,231
Receivables			
Loans (Net)	—	616,802	—
Interest and Dividends	—	5,298	—
Other	—	—	—
Deferred Charges	—	15,076	—
<b>Capital Assets:</b>			
Land	—	800	—
Buildings and Building Improvements	—	3,865	2,257
Improvements Other Than Buildings	—	2,260	—
Machinery and Equipment	93	751	16,421
Software	—	—	1,554
Works of Art and Collections	—	—	—
Infrastructure	—	—	—
Construction in Progress	—	—	—
Accumulated Depreciation	(47)	(3,362)	(15,329)
Other Noncurrent Assets	43	—	—
<b>Total Assets</b>	<b>\$ 1,520,653</b>	<b>\$ 1,201,853</b>	<b>\$ 379,998</b>

The notes to the financial statements are an integral part of this statement.

Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
\$ 8,359	\$ 643,751	\$ 960,494
—	208,057	291,625
11,405	228,030	372,869
—	311	311
—	3,980	19,372
1,341	164,886	166,227
—	1,044	1,044
—	4,650	4,650
—	11,650	13,714
—	16,915	16,915
—	10,139	13,010
—	54,482	70,276
1,348,125	1,211,699	2,820,615
—	8,561	1,275,694
202,085	528,931	731,016
—	3,500	3,500
—	90,332	90,332
—	153,678	187,386
—	46,212	379,095
—	—	616,802
—	—	5,298
—	131	131
—	—	15,076
2,553	269,206	272,559
38,051	1,244,416	1,288,589
—	316,877	319,137
7,145	541,050	565,460
—	—	1,554
—	1,042	1,042
—	191,770	191,770
—	249,374	249,374
(8,626)	(898,527)	(925,891)
20,037	37,789	57,869
\$ 1,630,475	\$ 5,343,936	\$ 10,076,915
		(continued)

# State of Georgia

## Statement of Net Assets Component Units (continued) June 30, 2007 (expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	\$ 2,654	\$ 12,853	\$ 124,413
Due to Primary Government	—	2	12,106
Due to Component Units	—	—	—
Salaries/Withholdings Payable	—	—	—
Accrued Interest Payable	812	2,852	—
Contracts Payable	—	—	—
Funds Held for Others	—	—	—
Unearned Revenue	19,791	—	—
Compensated Absences Payable - Current	59	—	208
Capital Leases/Installment Purchases Payable - Current	7	—	—
Notes and Loans Payable - Current	—	—	—
Revenue Bonds Payable - Current	6,780	22,117	—
Grand Prizes Payable - Current	—	—	11,766
Other Current Liabilities	—	100,817	—
<b>Current Liabilities Payable from Restricted Assets:</b>			
Accrued Interest Payable	—	—	—
Revenue Bonds Payable - Current	—	—	—
Other	—	—	3,936
<b>Noncurrent Liabilities:</b>			
Unearned Revenue	—	235,784	—
Compensated Absences Payable	236	—	1,891
Capital Leases/Installment Purchases Payable	23	—	—
Notes and Loans Payable	—	—	—
Revenue/Mortgage Bonds Payable	27,795	689,980	—
Grand Prizes Payable	—	—	224,624
Advances from Primary Government	—	—	—
Due to Component Units	—	—	—
Other Noncurrent Liabilities	—	—	796
<b>Total Liabilities</b>	<b>\$ 58,157</b>	<b>\$ 1,064,405</b>	<b>\$ 379,740</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 16	\$ 4,314	\$ 4,903
<b>Restricted for:</b>			
Bond Covenants/Debt Service	22,305	—	—
Construction	—	—	—
Higher Education	—	—	—
Expendable	—	—	—
Nonexpendable	—	—	—
Loan and Grant Programs	41,628	—	—
Other Purposes	—	—	71
Unrestricted	1,398,547	133,134	(4,716)
<b>Total Net Assets</b>	<b>\$ 1,462,496</b>	<b>\$ 137,448</b>	<b>\$ 258</b>

The notes to the financial statements are an integral part of this statement.

Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
\$ 6,998	\$ 141,360	\$ 288,278
—	78,366	90,474
430	4,220	4,650
—	10,816	10,816
—	—	3,664
—	751	751
—	23,612	23,612
2,206	121,980	143,977
245	15,586	16,098
—	5,964	5,971
43,726	37,965	81,691
4,605	28,326	61,828
—	—	11,766
1,608	15,960	118,385
—	4,368	4,368
—	7,210	7,210
—	—	3,936
42,616	255,891	534,291
—	3,339	5,466
—	25,135	25,158
20,000	65,311	85,311
207,330	1,413,015	2,338,120
—	—	224,624
—	16,478	16,478
90,332	—	90,332
9,117	45,325	55,238
<u>\$ 429,213</u>	<u>\$ 2,320,978</u>	<u>\$ 4,252,493</u>
\$ 593	\$ 944,741	\$ 954,567
—	37,749	60,054
11,386	1,000	12,386
417,988	500,736	918,724
353,618	524,029	877,647
—	—	41,628
—	2,305	2,376
417,677	1,012,398	2,957,040
<u>\$ 1,201,262</u>	<u>\$ 3,022,958</u>	<u>\$ 5,824,422</u>

# State of Georgia

## Combining Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority
Expenses	\$ 31,897	\$ 92,199
Program Revenues:		
Sales and Charges for Services	\$ 36,242	\$ 46,097
Operating Grants and Contributions	65,383	41,803
Capital Grants and Contributions	65,613	—
Total Program Revenues	\$ 167,238	\$ 87,900
Net (Expenses) Revenue	\$ 135,341	\$ (4,299)
General Revenues:		
Taxes	\$ —	\$ —
Unrestricted Investment Income	1,596	14,252
Payments from the State of Georgia	—	—
Contributions to Permanent Endowments	—	—
Other	266	—
Total General Revenues	\$ 1,862	\$ 14,252
Change in Net Assets	\$ 137,203	\$ 9,953
Net Assets, July 1 - Restated (Note 3)	1,325,293	127,495
Adjustments	—	—
Correction of Prior Year Errors	—	—
Net Assets, June 30	\$ 1,462,496	\$ 137,448

The notes to the financial statements are an integral part of this statement.

<u>Georgia Lottery Corporation</u>	<u>Georgia Tech Foundation, Incorporated</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
\$ <u>3,186,980</u>	\$ <u>115,988</u>	\$ <u>1,756,246</u>	\$ <u>5,183,310</u>
\$ 3,183,453	\$ 17,060	\$ 1,063,887	\$ 4,346,739
—	52,201	617,154	776,541
—	—	69,646	135,259
\$ <u>3,183,453</u>	\$ <u>69,261</u>	\$ <u>1,750,687</u>	\$ <u>5,258,539</u>
\$ <u>(3,527)</u>	\$ <u>(46,727)</u>	\$ <u>(5,559)</u>	\$ <u>75,229</u>
\$ —	\$ —	\$ 28,100	\$ 28,100
5,630	222,887	213,796	458,161
—	—	73,564	73,564
—	27,948	25,926	53,874
—	198	16,811	17,275
\$ <u>5,630</u>	\$ <u>251,033</u>	\$ <u>358,197</u>	\$ <u>630,974</u>
\$ 2,103	\$ 204,306	\$ 352,638	\$ 706,203
(1,845)	996,956	2,669,633	5,117,532
—	—	9,522	9,522
—	—	(8,835)	(8,835)
\$ <u>258</u>	\$ <u>1,201,262</u>	\$ <u>3,022,958</u>	\$ <u>5,824,422</u>

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# State of Georgia

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## Notes to the Financial Statements

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# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the State of Georgia have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Georgia reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds. The State's blended component units are as follows:

##### *Special Revenue Funds*

Georgia Economic Development Foundation, Inc.  
Georgia Tourism Foundation  
State Road and Tollway Authority

##### *Capital Projects Funds*

Georgia Building Authority (Hospital)  
Georgia Building Authority (Markets)  
Georgia Building Authority (Penal)  
Georgia Education Authority (University)

##### *Enterprise Funds*

Higher Education Fund  
Georgia Military College  
State Road and Tollway Authority

##### *Internal Service Funds*

Georgia Building Authority  
Georgia Correctional Industries Administration  
Georgia Technology Authority

#### Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. The State's discretely presented component units are as follows:

##### *Authorities and Similar Organizations*

Geo. L. Smith II Georgia World Congress Center Authority  
Georgia Agricultural Exposition Authority  
Georgia Agrirama Development Authority  
Georgia Development Authority  
Georgia Environmental Facilities Authority  
Georgia Golf Hall of Fame Authority  
Georgia Higher Education Assistance Corporation  
Georgia Highway Authority  
Georgia Housing and Finance Authority  
Georgia International and Maritime Trade Center Authority  
Georgia Lottery Corporation  
Georgia Medical Center Authority  
Georgia Music Hall of Fame Authority  
Georgia Ports Authority  
Georgia Public Telecommunications Commission  
Georgia Rail Passenger Authority  
Georgia Regional Transportation Authority  
Georgia Seed Development Commission  
Georgia Sports Hall of Fame Authority  
Georgia Student Finance Authority  
Jekyll Island State Park Authority  
Lake Lanier Islands Development Authority  
North Georgia Mountains Authority  
Oconee River Greenway Authority  
OneGeorgia Authority  
Regional Educational Service Agencies  
Sapelo Island Heritage Authority  
Southwest Georgia Railroad Excursion Authority  
Stone Mountain Memorial Association  
Superior Court Clerks' Cooperative Authority

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### *Higher Education Foundations and Similar Organizations*

Georgia College and State University Foundation  
Georgia Southern University Housing Foundation,

Incorporated

Georgia State University Foundation

Georgia Tech Athletic Association

Georgia Tech Facilities, Incorporated

Georgia Tech Foundation, Incorporated

Georgia Tech Research Corporation

Kennesaw State University Foundation, Incorporated

Medical College of Georgia Foundation, Incorporated

Medical College of Georgia Health, Incorporated

Medical College of Georgia Physician's Practice Group  
Foundation

University of Georgia Athletic Association, Incorporated

University of Georgia Foundation

University of Georgia Research Foundation, Incorporated

#### **Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's fiduciary component units are as follows:

#### *Pension Trust Funds*

Employees' Retirement System of Georgia

Georgia Military Pension Fund

Legislative Retirement System

Public School Employees Retirement System

Teachers Retirement System of Georgia

The State's significant component units issue their own separate audited financial statements. The financial statements for fiduciary component units and authorities and similar organizations can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 270 Washington Street, S.W., Suite 1-156, Atlanta, Georgia 30334. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents of the University System of Georgia, 270 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year end.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or (for debt service expenditures) when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

The State's proprietary funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, and then unrestricted resources as they are needed.

Generally accepted accounting principles require that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year. The Higher Education Fund (major enterprise fund) reports summer revenues and expenses in the year in which the predominate activity takes place.

The State reports the following major governmental funds:

The **General Fund** is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Georgia State Financing and Investment Commission (Capital Projects Fund)** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The **Higher Education Fund** accounts for the operations of State colleges and universities and State technical colleges.

The **State Employees' Health Benefit Plan** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The **Unemployment Compensation Fund** accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types and nonmajor funds:

#### Governmental Fund Types:

**Special Revenue Funds** – These funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions.

**Debt Service Fund** – This fund accounts for the payment of principal and interest on general long-term debt. The primary government debt service fund is the General Obligation Debt Sinking Fund. The Debt Sinking Fund is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

**Capital Projects Funds** – These funds account for the acquisition or construction of capital facilities.

**Permanent Fund** – This fund is used to report resources of the Pupils Trust Fund at Georgia Academy for the Blind that are legally restricted to the extent that only earnings, and not principal, may be used for Academy student activities.

#### Proprietary Fund Types:

**Enterprise Fund** – This fund accounts for those activities for which fees are charged to external users for goods or services. This fund is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees. The State Road and Tollway Authority's Georgia 400 Project Fund is the State's nonmajor enterprise fund.

**Internal Service Funds** – These funds account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

#### Fiduciary Fund Types:

**Pension and Other Employee Benefit Trust Funds** – These funds account for the retirement systems and plans administered by the Employees' Retirement System, for the Teachers Retirement System, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the accumulation of resources for, and payment of, other postemployment benefits.

**Investment Trust Funds** – These funds account for the external portions of government-sponsored investment pools, including Georgia Fund I, Georgia Extended Asset Pool, and the Regents Investment Pool.

**Private Purpose Trust Funds** – These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers and Real Estate Recovery Trust Funds, and the Subsequent Injury Trust Fund are reported in this category.

**Agency Funds** – These funds report assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

#### Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units' column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Certain higher education foundations and similar organizations report under FASB standards; including FASB Statement No. 117, *Financial Reporting for Not-for Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions. Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

#### Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments are presented at fair value. The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board,

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

bureau or other agency in excess of current operating expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

The Georgia Fund 1 or Primary Liquidity Portfolio's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments. At June 30, 2007, the weighted average maturity of the Fund was 15 days.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price, which at June 30, 2007, was \$1.99 per share. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. The average investment duration at June 30, 2007, was 0.91 years.

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest it earns.

The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U. S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2007, the Department held surety bonds in the amount of \$36.998 million, and cash bonds in the amount of \$14.591 million. These bonds are not recorded on the Balance Sheet.

Securities are held pursuant to statutes that require licensed insurance companies to deposit securities with the Department of Insurance prior to issuance of a certificate of authority to transact insurance by the Commissioner of Insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2007, securities valued at \$228.779 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$8.498 billion for construction performance to ensure proper completion and complete performance of construction contracts, and \$9.348 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Balance Sheet.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2007, the Department held surety bonds in the amount of \$66.479 million. These bonds are not recorded on the Statement of Net Assets.

#### Receivables

Receivables in the State's governmental funds pertain primarily to Federal revenues and revenues applicable to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements. Receivables from the Federal government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

#### Inventories

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations using the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### Prepaid Items

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2007. Also, the employer's portion of health insurance benefits applicable to coverage effective after June 30, 2007, is recorded as a prepaid item.

#### Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Assets because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

#### Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds \$100 thousand. Machinery and Equipment is capitalized when costs or value exceeds \$5 thousand. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed \$1 million. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because the collections are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

All depreciable capital assets are depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and Building Improvements	5-60 years
Improvements Other Than Buildings	15-50 years
Machinery and Equipment	3-20 years
Software	3-10 years
Library Collections	10 years
Works of Art and Collections	5-40 years

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### Compensated Absences

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### Unearned Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, all deferred revenue reported represents revenue that is unearned, rather than unavailable.

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets) and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Net Assets

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The governmental activities column on the government-wide statement of net assets reports \$2.398 billion of restricted net assets, of which \$2.362 billion is restricted by enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

#### Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

### F. Revenues

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are recorded at their federally reported value. Commodity inventories of \$6.363 million are reported on the Balance Sheet – Governmental Funds. For the fiscal year ended June 30, 2007, revenues of \$40.503 million and expenditures of \$37.349 million relating to commodities are reported in the General Fund.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### G. Interfund Activity and Balances

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.

#### H. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association (component unit), which has a fiscal year end of December 31.

### Note 2: Budgetary Control and Legal Compliance

#### Budgetary Process

Article III of the State Constitution provides, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued

in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year. Expenditures of State funds may not exceed the amount appropriated as provided by the Constitution. Total State funds expenditures did not exceed appropriated amounts.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

#### Budgetary Compliance Exceptions

At the departmental summary level, with one exception, expenditures did not exceed appropriations of State funds. Also, budget units were unable to consistently demonstrate budgetary compliance at the "funding source within program" level as prescribed by the 2007 Appropriations Act, although some improvement from the previous fiscal year was noted.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 3. Accounting Changes

#### Financial Reporting Entity

In fiscal year 2007, several changes were made in the presentation of organizations within the financial reporting framework. A portion of the operations of the Department of Administrative Services (fleet services) previously reported as general fund activities was determined to be more appropriately reported within the internal service fund. The beginning fund balance of the general fund has been decreased by \$1.130 million, and the beginning net assets of the internal service funds have been increased by the same amount. This change had no impact on beginning net assets of governmental activities.

The Georgia Technology Authority, previously reported as a nonmajor enterprise fund, is now reported as an internal service fund. The primary government has, over a period of time, become the predominant participant in the services provided by the Authority. As a result of this realignment, beginning net assets of the internal service funds have been increased by \$124.234 million, with a corresponding decrease to the beginning net assets of the nonmajor enterprise funds.

The State Road and Tollway Authority, a component unit which was previously discretely presented, is now blended. The Authority serves as a financing vehicle for transportation projects through the issuance of bonds. These bonds are repaid from motor fuel and federal reimbursements collected by the Department of Transportation. As a result of this reporting change, the beginning fund balance of the nonmajor governmental (special revenue) funds has been increased by \$108.477 million, the beginning net assets of the nonmajor enterprise fund has been increased by \$20.841 million, and the beginning net assets of the component units has been increased by \$485.506 million.

Operations and balances relating to the Georgia Medical Center Authority, a component unit not previously included in the financial reporting entity, were reported beginning in fiscal year 2007. The addition of this organization resulted in an increase in the beginning net assets of component units of \$294 thousand.

The tables on page 57 summarize the changes in fund equities as previously reported for the funds, activities, and component units at June 30, 2006, including adjustments and correction of prior year errors as indicated.

#### Recently Issued Pronouncements

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB), was implemented for fiscal year 2007. The State's OPEB plans for health care (Georgia Retiree Health Benefit Fund) and life insurance (State Employees' Assurance Department – OPEB) are reported in the fiduciary funds. Related disclosures are presented in Note 18, and as required supplementary information.

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes uniform reporting standards for employers participating in OPEB plans. The requirements of this statement are effective for the State's fiscal year 2008 financial statements.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 3. Accounting Changes (continued)

	June 30, 2006 As Previously Reported	Adjustments	June 30, 2006 (Restated)
<b>Governmental Funds and Activities</b>			
Major Funds:			
General Fund (Adjustment to Repayment of Advances)	\$ 4,266,823	\$ (9,228)	\$ 4,256,465
Reclassification of Fleet Services Activity to Internal Service Fund		(1,130)	
Georgia State Financing and Investment Commission	1,199,413	—	1,199,413
Nonmajor Funds:			
Special Revenue Funds (Reclassification of Component Unit as Blended)	1,219	108,477	109,696
Debt Service Fund	0	—	0
Capital Projects Funds	9,266	—	9,266
Permanent Fund	14	—	14
<b>Total Governmental Funds</b>	<b>\$ 5,476,735</b>	<b>\$ 98,119</b>	<b>\$ 5,574,854</b>
Capital Assets, net of depreciation (Reclassification of Component Unit as Blended)	15,819,880	10,428	15,830,308
Other Noncurrent Assets	8,790	—	8,790
Long-Term Liabilities (Reclassification of Component Unit as Blended/Correction of Prior Year Errors)	(7,298,271)	(624,988)	(7,923,259)
Inclusion of Internal Service Funds in Governmental Activities	426,382	125,364	551,746
<b>Total Governmental Funds and Activities</b>	<b>\$ 14,433,516</b>	<b>\$ (391,077)</b>	<b>\$ 14,042,439</b>
<b>Proprietary Funds and Business-Type Activities</b>			
Major Funds:			
Higher Education Fund (Correction of Prior Year Errors)	\$ 4,960,851	\$ 5,434	\$ 4,966,285
State Employees' Health Benefit Plan	79,780	—	79,780
Unemployment Compensation Fund	1,426,222	—	1,426,222
Nonmajor Funds:			
Enterprise Fund	124,234		20,841
Reclassification of Nonmajor Enterprise Fund to Internal Service Fund		(124,234)	
Reclassification of Component Unit as Blended (Nonmajor Enterprise Fund)		20,841	
Internal Service Funds	364,397		489,761
Reclassification of Nonmajor Enterprise Fund to Internal Service Fund		124,234	
Reclassification of Fleet Services Activity to Internal Service Fund		1,130	
Internal Service Funds Look-Back Adjustments			
Removal of Internal Service Funds Relating to Governmental Activities	(426,381)	(125,364)	(551,745)
<b>Total Proprietary Funds and Business-Type Activities</b>	<b>\$ 6,529,103</b>	<b>\$ (97,959)</b>	<b>\$ 6,431,144</b>
<b>Fiduciary Funds</b>			
Pension and Other Employee Benefit Trust Funds	\$ 64,341,124	\$ —	\$ 64,341,124
Investment Trust Funds	4,436,426	—	4,436,426
Private Purpose Trust Funds	4,127	—	4,127
<b>Total Fiduciary Funds</b>	<b>\$ 68,781,677</b>	<b>\$ 0</b>	<b>\$ 68,781,677</b>
<b>Discretely Presented Component Units</b>			
Addition to Reporting Entity (Georgia Medical Center Authority)	\$ 4,632,026	\$ 294	\$ 4,632,026
Reclassification of Component Unit as Blended (State Road and Tollway Authority)		485,506	485,506
Adjustment to Repayment of Advances		9,228	9,228
Correction of Prior Year Errors (Net)		(8,835)	(8,835)
<b>Total Discretely Presented Component Units</b>	<b>\$ 4,632,026</b>	<b>\$ 486,193</b>	<b>\$ 5,118,219</b>

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments

#### A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

- 6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

#### *Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered.

#### **Primary Government**

At year-end, the carrying amounts of the State's deposits were \$2.302 billion, and the bank balances were \$1.016 billion. Of these bank balances, \$74.795 million were insured, \$158.307 million were collateralized with securities held by the pledging financial institutions, \$271.442 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$511.017 million were uncollateralized.

#### **Component Units**

At year-end the carrying amounts of the component units' deposits were \$356.951 million and the bank balances were \$291.621 million. Of these bank balances, \$65.170 million were insured, \$89.695 million were collateralized with securities held by the pledging financial institutions, \$52.040 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$84.716 million were uncollateralized.

The carrying amounts of the deposits of certain higher education foundations which utilize FASB standards were \$218.060 million. These deposits are not included in the balances reflected above.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### B. Investments

##### Primary Government (Other than Pension Trust Funds)

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

##### Pension Trust Funds

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United State government.

- 5) Taxable bonds, notes warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the government of the United States of America.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value.

##### Component Units

Component units follow applicable investing criteria described above for the primary government.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

Certain higher education foundations utilize FASB standards; therefore, only the June 30, 2007, balances are available as follows (in thousands):

	Fair Value
Alternative Strategies	\$ 27,515
Cash Held by Investment Organization	64,182
Certificates of Deposit	350
Corporate Bonds	41,479
Diversifying Strategies	492,308
Equity Securities	701,523
Government and Agency Securities	31,263
Investment Pools	555,331
Joint Ventures/Partnerships	585
Money Market Accounts	611
Mortgage-backed Securities	4,766
Mutual Funds	232,404
Real Estate	62,671
Split-interest Investments	17,150
Venture Capital	260,896
Total Investments	\$ 2,493,034

The component unit disclosures below do not include these balances.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

#### Primary Government (Other than Pension Trust Funds)

The State manages interest rate risk by attempting to match investments with expected cash requirements. Certificates of deposit may not have a term exceeding five years. The Director of OTFS may establish duration or maturity limitations for other investments. The following table provides information about the State's exposure to interest rate risk (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities	\$ 52,878	\$ —	\$ —	\$ 43,320	\$ 8,769	\$ 789
Corporate Debt						
Domestic	88,361	1,299	2,267	79,612	1,052	4,131
International Government Obligations	7,000	—	2,000	5,000	—	—
Mortgage-backed Securities						
Commercial	50,432	—	—	1,716	1,414	47,302
Municipal Bonds	1,065	—	5	163	438	459
Mutual Funds - Debt	36,995	—	7	34,163	2,825	—
Repurchase Agreements	9,014,269	9,014,269	—	—	—	—
U. S. Agency Obligations	3,278,715	1,352,645	442,331	1,380,421	38,739	64,579
U. S. Treasury Obligations	1,411,315	20,233	384,691	983,926	22,209	256
Total Debt Securities	\$ 13,941,030	\$ 10,388,446	\$ 831,301	\$ 2,528,321	\$ 75,446	\$ 117,516
Equity Securities - Domestic	133,520					
Funds on Deposit with U. S. Treasury for Unemployment Compensation	1,398,648					
Mutual Funds - Equity	84,147					
Real Estate	242					
Real Estate Investment Fund	6,953					
Total Investments	\$ 15,564,540					

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

**Pension Trust Funds Administered by Other than the Employees' and Teachers' Retirement Systems**  
The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk.

The following table provides information about interest rate risks associated with these pension trust funds' investments (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities						
Domestic	\$ 13,080	\$ —	\$ —	\$ 8,831	\$ 2,254	\$ 1,995
International	174	—	—	—	—	174
Corporate Debt						
Domestic	123,022	—	2,851	28,605	26,800	64,766
International	8,310	—	1,525	347	2,009	4,429
Mortgage-backed Securities						
Commercial	61,023	—	—	759	2,136	58,128
Municipal Bonds	1,667	400	—	—	790	477
Mutual Funds - Debt	170	—	—	—	—	170
U. S. Agency Obligations	151,443	299	37,668	15,074	15,944	82,458
U. S. Treasury Obligations	50,668	200	9,806	25,481	9,684	5,497
Total Debt Securities	\$ 409,557	\$ 899	\$ 51,850	\$ 79,097	\$ 59,617	\$ 218,094
Equity Securities						
Domestic	548,310					
International	22,653					
Mutual Funds - Equity	380,096					
Real Estate Investment Trust	1,465					
Venture Capital	74					
Total Investments	\$ 1,362,155					

### Pension Trust Funds Administered by the Employees' and Teachers' Retirement Systems

The Boards of the Employees' and Teachers' Retirement systems have elected to manage interest rate risk of these pension trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (in thousands).

	Total Fair Value	Effective Duration (Years)
Corporate and Other Bonds	\$ 2,457,241	6.2
Repurchase Agreements	3,325,869	0.0
U. S. Agency Obligations	6,981,646	4.2
U. S. Treasury Obligations	13,050,600	6.3
Total Debt Securities	\$ 25,815,356	
Common Stock	43,235,029	
Mutual Funds - Equity	953,540	
Total Investments	\$ 70,003,925	

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government.

The component units' exposure to interest rate risk is presented below (in thousands):

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities	\$ 14,877	\$ —	\$ —	\$ 4,415	\$ —	\$ 10,462
Certificates of Deposit	1,180	—	1,180	—	—	—
Commercial Paper	41,750	41,750	—	—	—	—
Corporate Debt						
Domestic	53,355	734	19,039	31,057	2,389	136
International	5,719	—	721	2,366	1,157	1,475
International Government						
Obligations	1,496	—	—	1,151	345	—
Investment Agreements	75,589	—	—	26,995	—	48,594
Money Market Mutual Funds	252	—	252	—	—	—
Mortgage-backed Securities						
Commercial	54,381	—	—	7,755	3,215	43,411
Municipal Bonds	517	—	—	136	381	—
U. S. Agency Obligations	144,410	27,429	15,513	78,774	8,698	13,996
U. S. Treasury Obligations	274,597	15,492	35,838	136,081	53,699	33,487
<b>Total Debt Securities</b>	<b>\$ 668,123</b>	<b>\$ 85,405</b>	<b>\$ 72,543</b>	<b>\$ 288,730</b>	<b>\$ 69,884</b>	<b>\$ 151,561</b>
Equity Securities						
Domestic	35,963					
International	2,344					
Joint Venture	968					
Managed Futures and						
Hedge Funds	1,970					
Mutual Funds - Equity	5,547					
<b>Total Investments</b>	<b>\$ 714,915</b>					

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following investing restrictions to manage credit quality risk:

- 1) Repurchase agreements and reverse repurchase agreements may be transacted only with authorized dealers and banks of a certain size with other restrictions requiring approval of the Director of OTFS.
- 2) Commercial paper issued by domestic corporations carrying ratings no lower than P-1 by Moody's

Investors Service and A-1 by Standard & Poor's Corporation.

- 3) Prime bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.
- 4) Obligations issued by this State or its agencies or other political subdivisions of this State, if meeting statutory requirements, may be approved for investment by the Director of OTFS.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

- 6) Direct obligations of the government of any foreign country and obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by a nationally recognized rating agency.
- 7) Such other limitations as determined by the Director of

OTFS necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.

The exposure of the primary government's debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAA	Not Rated
Asset-backed Securities	\$ 52,878	\$ 52,878	\$ —	\$ —	\$ —	\$ —
Corporate Debt						
Domestic	88,361	4,650	16,991	63,482	330	2,908
International Government Obligations	7,000	—	—	7,000	—	—
Mortgage-backed Securities						
Commercial	50,432	50,432	—	—	—	—
Municipal Bonds	1,065	1,065	—	—	—	—
Mutual Funds - Debt	36,995	494	494	—	—	36,007
Repurchase Agreements	8,923,394	8,900,000	—	—	—	23,394
U. S. Agency Obligations	3,269,355	3,163,163	—	—	—	106,192
<b>Total Credit Risk Investments</b>	<b>\$ 12,429,480</b>	<b>\$ 12,172,682</b>	<b>\$ 17,485</b>	<b>\$ 70,482</b>	<b>\$ 330</b>	<b>\$ 168,501</b>

#### Pension Trust Funds

The credit quality risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described

above and in Note 1. The Boards of individual funds may elect to implement more restrictive policies. The pension trust funds' debt securities exposure to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAA	BBB	BB	Not Rated
Asset-backed Securities								
Domestic	\$ 13,080	\$ 11,207	\$ 188	\$ 107	\$ —	\$ 866	\$ —	\$ 712
International	174	—	—	174	—	—	—	—
Corporate Debt								
Domestic	2,580,263	1,964,380	510,829	41,776	6,154	47,612	1,479	8,033
International	8,310	—	258	4,734	174	2,561	304	279
Mortgage-backed Securities								
Commercial	61,023	31,445	1,229	3,891	2,141	18,851	—	3,466
Municipal Bonds	1,667	1,190	—	—	161	316	—	—
Mutual Funds - Debt	170	—	170	—	—	—	—	—
Repurchase Agreements	3,325,869	—	—	3,325,869	—	—	—	—
U. S. Agency Obligations	7,123,902	7,089,215	—	—	—	—	—	34,687
<b>Total Credit Risk Investments</b>	<b>\$ 13,114,458</b>	<b>\$ 9,097,437</b>	<b>\$ 512,674</b>	<b>\$ 3,376,551</b>	<b>\$ 8,630</b>	<b>\$ 70,206</b>	<b>\$ 1,783</b>	<b>\$ 47,177</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. The exposure

of the component units' debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	B	Not Rated
Asset-backed Securities	\$ 14,877	\$ 14,877	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Certificates of Deposit	1,180	—	—	1,180	—	—	—	—
Commercial Paper	41,750	—	—	—	—	—	—	41,750
Corporate Debt								
Domestic	53,355	3,743	13,242	20,306	14,101	1,392	74	497
International	5,719	2,044	2,694	365	616	—	—	—
International Government								
Obligations	1,496	1,496	—	—	—	—	—	—
Investment Agreements	75,589	10,809	57,093	7,687	—	—	—	—
Money Market Mutual Funds	252	—	—	—	—	—	—	252
Mortgage-backed Securities								
Commercial	54,381	53,935	99	—	—	—	—	347
Municipal Bonds	517	517	—	—	—	—	—	—
U. S. Agency Obligations	142,191	133,159	831	—	—	—	—	8,201
Total Credit Risk Investments	\$ 391,307	\$ 220,580	\$ 73,959	\$ 29,538	\$ 14,717	\$ 1,392	\$ 74	\$ 51,047

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the Director of OTFS and marked-to-market daily.
- 2) All CD's must be secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OTFS, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110 % of CD's.

At June 30, 2007, \$87.016 million of the State's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Pension Trust Funds

The custodial credit risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above and in Note 1. At June 30, 2007, \$855.966 million of the pension trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2007, \$178.831 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

#### Primary Government (Other than Pension Trust Funds)

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2007, more than 5 percent of the primary government's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 78.337 percent of total investments.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Pension Trust Funds

The concentration of credit risk policy of pension trust funds limits investments to no more than 5% of total net assets in any one corporation. At June 30, 2007, more than 5 percent of the pension trust fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 9.982 percent of total investments.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2007, more than 5 percent of the component units' total investments were investments in securities of U. S. Agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 19.890 percent of total investments.

### C. Investments Lending Program

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

#### Primary Government

In the primary government's securities lending agreement, securities are transferred to an independent broker in

exchange for collateral in the form of cash and/or securities issued by the U. S. Treasury or its agencies. The collateral value must be equal to at least 100% to 102% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$895.791 million at June 30, 2007, and the collateral value was equal to 102%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### Pension Trust Funds

In the pension trust funds securities lending agreements, the brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$22.422 billion at June 30, 2007, and the collateral value was equal to 105.1%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### D. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2007, and related risk disclosures for investments are as follows:

<u>Georgia Fund 1</u> <u>Statement of Net Assets</u> <u>June 30, 2007</u> (expressed in thousands)	
<u>Assets</u>	
Cash and Cash Equivalents	\$ 9,391,805
Investments	<u>1,604,986</u>
Net Assets	<u>\$ 10,996,791</u>
 <u>Distribution of Net Assets</u>	
External Participant Account Balances	\$ 5,945,138
Internal Participant Account Balances	<u>5,051,653</u>
Total Net Assets	<u>\$ 10,996,791</u>

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying

#### Georgia Fund 1

The Primary Liquidity portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

<u>Georgia Fund 1</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2007</u> (expressed in thousands)	
<u>Additions</u>	
Pool Participant Deposits	\$ 29,440,088
Investment Income	
Interest	498,070
Less: Investment Expense	<u>(2,184)</u>
Total Additions	\$ 29,935,974
<u>Deductions</u>	
Pool Participant Withdrawals	<u>26,789,424</u>
Net Increase	\$ 3,146,550
<u>Net Assets</u>	
July 1, 2006	<u>7,850,241</u>
June 30, 2007	<u>\$ 10,996,791</u>

amount of the Fund's deposits as of June 30, 2007, was \$1.078 billion. This amount is included in the deposit disclosures of the Primary Government.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Investments

Georgia Fund 1 follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAM rating.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Fund's investments are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		Less than 3 Months	4 - 12 Months	
Repurchase Agreements	\$ 8,436,991	\$ 8,436,991	\$ —	5.240% - 5.380%
U. S. Agency Obligations	1,481,563	1,245,680	235,883	5.184% - 5.234%
Total Investments	\$ 9,918,554	\$ 9,682,671	\$ 235,883	

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2007, all investments of Georgia Fund 1 were rated AAA.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2007, more than 5 percent of the Fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 14.937 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for

AAAF money market rated funds. The pool is not registered with the SEC as an investment company.

#### Assets

Cash and Cash Equivalents	\$	359,707
Investments		<u>542,246</u>
Net Assets	\$	<u><u>901,953</u></u>

#### Distribution of Net Assets

External Participant Account Balances	\$	51,947
Internal Participant Account Balances		<u>850,006</u>
Total Net Assets	\$	<u><u>901,953</u></u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented.

The carrying amount of the Pool's deposits as of June 30, 2007, was \$168.411 million. This amount is included in the deposit disclosures of the Primary Government.

#### Additions

Pool Participant Deposits	\$	1,206
Investment Income		
Interest		39,757
Fair Value Increases		12,067
Less: Investment Expense		<u>(317)</u>
Total Additions	\$	52,713

#### Deductions

Pool Participant Withdrawals	<u>15,006</u>
Net Increase	\$ 37,707

#### Net Assets

July 1, 2006	<u>864,246</u>
June 30, 2007	<u><u>\$ 901,953</u></u>

#### **Investments**

Georgia Extended Asset Pool follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, the fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAf rating.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an

investment. The Pool's investments are presented below (in thousands):

		Maturity Period			Range of Yields
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	
Repurchase Agreements	\$ 191,295	\$ 191,295	\$ —	\$ —	5.380%
U. S. Agency Obligations	402,374	55,490	69,707	277,177	2.335% - 5.750%
U. S. Treasury Obligations	139,872	—	40,308	99,564	4.182% - 4.552%
Total Investments	\$ 733,541	\$ 246,785	\$ 110,015	\$ 376,741	

#### *Credit Quality Risk*

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2007, the Pool's applicable repurchase agreements and U. S. Agency Obligations were rated AAA.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2007, more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 54.854 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Regents Investment Pool

The Regents Investment Pool is not registered with the SEC as an investment company.

<u>Regents Investment Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2007</u> (expressed in thousands)	
<u>Assets</u>	
Cash and Cash Equivalents	\$ 3,586
Investments	126,295
Interest Receivable	<u>227</u>
Net Assets	\$ <u><u>130,108</u></u>

#### Distribution of Net Assets

External Participant Account Balances	\$ 6,390
Internal Participant Account Balances	<u>123,718</u>
Total Net Assets	\$ <u><u>130,108</u></u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2007, was \$3.813 million. This amount is included in the deposit disclosures of the Primary Government.

#### **Investments**

The Regents Investment Pool policy guidelines indicate that all investments must be consistent with donor intent, Board

<u>Regents Investment Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2007</u> (expressed in thousands)	
<u>Additions</u>	
Investment Income	
Interest	\$ 4,720
Fair Value Decreases	8,800
Less: Investment Expense	<u>(359)</u>
Total Additions	\$ <u><u>13,161</u></u>
<u>Deductions</u>	
Pool Participant Withdrawals	\$ 41,532
Capital Transactions	<u>(13,283)</u>
Total Deductions	\$ <u><u>28,249</u></u>
Net Increase	\$ (15,088)
<u>Net Assets</u>	
July 1, 2006	<u>145,196</u>
June 30, 2007	\$ <u><u>130,108</u></u>

of Regents policy and applicable federal and state law. The individual funds of the Pool provide various restrictions on the types of investments allowed.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Pool's Funds' policy guidelines restrict average maturities of their holdings. The Pool's investments are presented in the following table (in thousands):

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

	Total Fair Value	Maturity Period		
		Less than 1 Year	1 - 5 Years	6 - 10 Years
Mutual Bond Fund	\$ 24,340	\$ —	\$ 22,270	\$ 2,070
U. S. Agency Obligations	39,803	20,412	19,197	194
U. S. Treasury Obligations	4,201	—	2,334	1,867
Total Debt Securities	\$ 68,344	\$ 20,412	\$ 43,801	\$ 4,131
Equity Securities				
Domestic	10,234			
Mutual Funds - Equity	43,160			
Real Estate Investment Fund	4,557			
Total Investments	\$ 126,295			

#### ***Credit Quality Risk***

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pool's Funds' policy guidelines require that holdings, except for those of the Diversified Fund must be eligible investments under OCGA 50-174-63. Portfolios of debt

security funds also must meet the eligible investment criteria under the same code section. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire fund. The exposure of the Regents Investment Pool's debt securities to credit quality risk is indicated below (in thousands):

	Total Fair Value	Credit Rating	
		AAA	Not Rated
Mutual Bond Fund	\$ 24,340	\$ —	\$ 24,340
U. S. Agency Obligations	37,140	225	36,915
Total Credit Risk Investments	\$ 61,480	\$ 225	\$ 61,255

#### ***Custodial Credit Risk – Investments***

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered. The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2) require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U. S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2007, \$54.237 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution, but not in the State's name.

#### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U. S. government obligations) shall be limited to 5% of the market value in a particular Pool Fund. At June 30, 2007 more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 29.407 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 5. Receivables

Receivables at June 30, 2007, consisted of the following (in thousands):

	<u>Gross</u> <u>Receivables</u>	<u>Allowance</u> <u>For</u> <u>Uncollectibles</u>	<u>Allowance</u> <u>For Possible</u> <u>Loan Losses</u>	<u>Allowance</u> <u>For Service</u> <u>Repayments</u>	<u>Deferred</u> <u>Loan Fees</u>	<u>Net Total</u> <u>Receivables</u>
<b>Governmental Activities:</b>						
General Fund	\$ 3,545,579	\$ (23,291)	\$ —	\$ —	\$ —	\$ 3,522,288
Nonmajor Governmental Funds	<u>277</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>277</u>
Total Governmental Funds	\$ 3,545,856	\$ (23,291)	\$ 0	\$ 0	\$ 0	\$ 3,522,565
Internal Service Funds	31,429	(432)	—	—	—	30,997
Receivables from Fiduciary Funds	<u>35</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35</u>
Total Governmental Activities	<u>\$ 3,577,320</u>	<u>\$ (23,723)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,553,597</u>
<b>Business-Type Activities:</b>						
Higher Education Fund	\$ 285,297	\$ (13,779)	\$ —	\$ —	\$ —	\$ 271,518
State Employees' Health Benefit Plan	32,873	(3,805)	—	—	—	29,068
Unemployment Compensation Fund	144,291	(30,737)	—	—	—	113,554
State Road and Tollway Authority	67	(11)	—	—	—	56
Internal Service Funds	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>
Total Business-Type Activities	<u>\$ 462,530</u>	<u>\$ (48,332)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 414,198</u>
Component Units	<u>\$ 3,253,601</u>	<u>\$ (5,971)</u>	<u>\$ (2,509)</u>	<u>\$ (43,474)</u>	<u>\$ (213)</u>	<u>\$ 3,201,434</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 5. Receivables (continued)

A reconciliation of receivables at June 30, 2007, to financial statement categories follows (in thousands):

	Governmental Funds		Proprietary Funds					
			State					
	General	Nonmajor	Higher	Employees'	Unemployment	State Road	Internal	
ASSET CATEGORIES	Fund	Governmental	Education	Health	Compensation	and Tollway	Service	Component
		Funds	Fund	Benefit Plan	Fund	Authority	Funds	Units
Current Assets:								
Receivables (Net)								
Taxes	\$ 1,676,415	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 311
Interest and Dividends	61,756	—	—	—	—	—	—	19,372
Notes and Loans	1,547	—	—	—	—	—	—	166,227
Other	478,395	277	174,308	29,068	113,223	56	30,926	372,869
Intergovernmental Receivables	1,304,175	—	52,940	—	331	—	73	13,714
Noncurrent Assets:								
Receivables (Net)								
Notes and Loans	—	—	44,270	—	—	—	—	1,275,694
Other	—	—	—	—	—	—	—	731,016
Restricted Assets								
Receivables								
Loans (Net)	—	—	—	—	—	—	—	616,802
Interest and Dividends	—	—	—	—	—	—	—	5,298
Other	—	—	—	—	—	—	—	131
Total Receivables	\$ 3,522,288	\$ 277	\$ 271,518	\$ 29,068	\$ 113,554	\$ 56	\$ 30,999	\$ 3,201,434

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows (in thousands):

	Balance July 1, 2006	Adjustments	Increases	Decreases	Balance June 30, 2007
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 1,917,548	\$ 10,447	\$ 297,116	\$ (2,348)	\$ 2,222,763
Works of Art and Collections	1,376	—	—	—	1,376
Construction in Progress	3,005,536	—	2,453,565	(2,364,554)	3,094,547
Total Capital Assets, Not Being Depreciated	<u>\$ 4,924,460</u>	<u>\$ 10,447</u>	<u>\$ 2,750,681</u>	<u>\$ (2,366,902)</u>	<u>\$ 5,318,686</u>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 16,758,419	\$ —	\$ 1,472,197	\$ (8)	\$ 18,230,608
Buildings	2,866,023	1,020	90,454	(2,946)	2,954,551
Improvements Other Than Buildings	76,875	13	777	(39)	77,626
Machinery and Equipment	741,066	84,168	78,990	(43,873)	860,351
Software	83,500	51,312	6,782	(808)	140,786
Works of Art and Collections	620	—	—	—	620
Total Capital Assets Being Depreciated	<u>\$ 20,526,503</u>	<u>\$ 136,513</u>	<u>\$ 1,649,200</u>	<u>\$ (47,674)</u>	<u>\$ 22,264,542</u>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (7,744,725)	\$ —	\$ (875,864)	\$ —	\$ (8,620,589)
Buildings	(1,026,006)	(310)	(72,241)	2,256	(1,096,301)
Improvements Other Than Buildings	(33,695)	(1)	(3,583)	20	(37,259)
Machinery and Equipment	(515,088)	(58,970)	(58,153)	27,079	(605,132)
Software	(53,690)	(38,983)	(21,014)	—	(113,687)
Works of Art and Collections	(104)	—	(20)	—	(124)
Total Accumulated Depreciation	<u>\$ (9,373,308)</u>	<u>\$ (98,264)</u>	<u>\$ (1,030,875)</u>	<u>\$ 29,355</u>	<u>\$ (10,473,092)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 11,153,195</u>	<u>\$ 38,249</u>	<u>\$ 618,325</u>	<u>\$ (18,319)</u>	<u>\$ 11,791,450</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$ 16,077,655</u></u>	<u><u>\$ 48,696</u></u>	<u><u>\$ 3,369,006</u></u>	<u><u>\$ (2,385,221)</u></u>	<u><u>\$ 17,110,136</u></u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

	Balance July 1, 2006	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2007
<b>Business-Type Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 223,606	\$ 2,469	\$ 10,090	\$ (510)	\$ 235,655
Works of Art and Collections	19,911	—	11,276	(33)	31,154
Construction in Progress	170,473	—	155,508	(130,609)	195,372
Total Capital Assets, Not Being Depreciated	<u>\$ 413,990</u>	<u>\$ 2,469</u>	<u>\$ 176,874</u>	<u>\$ (131,152)</u>	<u>\$ 462,181</u>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 266,602	\$ (112,048)	\$ 17,959	\$ (2,130)	\$ 170,383
Buildings	5,070,450	110,603	398,314	(17,132)	5,562,235
Improvements Other Than Buildings	269,942	(3,593)	10,639	(1,490)	275,498
Machinery and Equipment	1,517,376	(82,133)	411,489	(69,118)	1,777,614
Software	51,312	(50,627)	—	—	685
Library Collections	605,334	12,959	34,378	(2,484)	650,187
Works of Art and Collections	1,065	—	302	(9)	1,358
Total Capital Assets Being Depreciated	<u>\$ 7,782,081</u>	<u>\$ (124,839)</u>	<u>\$ 873,081</u>	<u>\$ (92,363)</u>	<u>\$ 8,437,960</u>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (51,431)	\$ —	\$ (4,201)	\$ 1,746	\$ (53,886)
Buildings	(1,435,414)	76	(140,681)	6,040	(1,569,979)
Improvements Other Than Buildings	(105,541)	(1,741)	(7,411)	1,130	(113,563)
Machinery and Equipment	(886,531)	55,844	(117,781)	62,685	(885,783)
Software	(38,983)	38,828	(98)	—	(253)
Library Collections	(453,553)	(103)	(33,486)	2,605	(484,537)
Works of Art and Collections	(425)	—	(28)	9	(444)
Total Accumulated Depreciation	<u>\$ (2,971,878)</u>	<u>\$ 92,904</u>	<u>\$ (303,686)</u>	<u>\$ 74,215</u>	<u>\$ (3,108,445)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 4,810,203</u>	<u>\$ (31,935)</u>	<u>\$ 569,395</u>	<u>\$ (18,148)</u>	<u>\$ 5,329,515</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,224,193</u>	<u>\$ (29,466)</u>	<u>\$ 746,269</u>	<u>\$ (149,300)</u>	<u>\$ 5,791,696</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

Current period depreciation expense was charged to functions of the primary government as follows (in thousands):

General Government	\$	10,696
Education		92
Health and Welfare		24,443
Transportation		882,039
Public Safety		51,756
Economic Development		19,327
Culture and Recreation		12,294
Conservation		3,069
Internal Service Funds		
(Depreciation on capital assets held by the state's internal service funds are charged to the various functions based on their usage of the assets)		27,159
<b>Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b>1,030,875</b>

#### Component Units

Capital asset activity for the year ended June 30, 2007, was as follows (in thousands):

	Balance July 1, 2006	Transfers and Other Adjustments	Increases	Decreases	Balance June 30, 2007
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 229,937	\$ (10,286)	\$ 6,304	\$ (1,752)	\$ 224,203
Works of Art and Collections	201	386	384	—	971
Construction in Progress	46,274	(2,447)	61,231	(17,464)	87,594
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 276,412</b>	<b>\$ (12,347)</b>	<b>\$ 67,919</b>	<b>\$ (19,216)</b>	<b>\$ 312,768</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 184,005	\$ —	\$ 12,116	\$ (4,351)	\$ 191,770
Buildings	856,066	(4,881)	4,766	(4,384)	851,567
Improvements Other Than Buildings	276,303	13,833	29,771	(770)	319,137
Machinery and Equipment	533,386	(13,979)	44,711	(16,706)	547,412
Software	1,816	(685)	423	—	1,554
Works of Art and Collections	0	—	71	—	71
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 1,851,576</b>	<b>\$ (5,712)</b>	<b>\$ 91,858</b>	<b>\$ (26,211)</b>	<b>\$ 1,911,511</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (71,315)	\$ —	\$ (4,785)	\$ 3,296	\$ (72,804)
Buildings	(281,040)	3,536	(21,534)	3,587	(295,451)
Improvements Other Than Buildings	(102,273)	(3,066)	(11,003)	682	(115,660)
Machinery and Equipment	(349,860)	6,169	(41,610)	15,147	(370,154)
Software	(155)	155	—	—	0
Works of Art and Collections	0	—	(2)	—	(2)
<b>Total Accumulated Depreciation</b>	<b>\$ (804,643)</b>	<b>\$ 6,794</b>	<b>\$ (78,934)</b>	<b>\$ 22,712</b>	<b>\$ (854,071)</b>
<b>Capital Assets, Net (GASB presentation)</b>	<b>\$ 1,323,345</b>	<b>\$ (11,265)</b>	<b>\$ 80,843</b>	<b>\$ (22,715)</b>	<b>\$ 1,370,208</b>

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Component Units (continued)

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2007, balances are available as follows (in thousands):

**Capital Assets Not Being Depreciated:**

Land	\$ 48,356
Construction in Progress	161,780
Total Capital Assets, Not Being Depreciated	<u>\$ 210,136</u>

**Capital Assets Being Depreciated:**

Buildings	\$ 437,022
Machinery and Equipment	18,048
Total Capital Assets Being Depreciated	<u>\$ 455,070</u>

**Less: Accumulated Depreciation** \$ (71,820)

**Capital Assets, Net (FASB presentation)** \$ 593,386

**Total Capital Assets, Net - All Component Units** \$ 1,963,594

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 7. Risk Management

#### A. Public Entity Risk Pool

The Department of Community Health administers the States Health Benefit Plan for the State. Participants include State agencies, component units, participating county governments and local educational agencies. This plan is funded by participating employer and employee contributions and appropriations from the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia, Cigna, United Health Care and Express Scripts to process claims in accordance with the State Health Benefit Plan as established by the Board of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Unpaid Claims and Claim Adjustments July 1	\$ 247,350	\$ 175,578
Current Year Claims and Changes in Estimates	1,837,329	2,048,140
Claims Payments	<u>(1,904,772)</u>	<u>(1,976,368)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>179,907</u>	\$ <u>247,350</u>

#### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia and Express Scripts to process all claims in accordance with guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Unpaid Claims and Claim Adjustments July 1	\$ 27,984	\$ 27,583
Current Year Claims and Changes in Estimates	264,356	245,823
Claims Payments	<u>(265,193)</u>	<u>(245,422)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>27,147</u>	\$ <u>27,984</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 7. Risk Management (continued)

#### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of administering the risk management funds of the state and making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2007, of \$184.084 million was charged back to the contributing funds. Expenditures of \$119.655 million are reported in the general fund, and expenses of \$46.021 million are reported in the Higher Education (enterprise) Fund relating to this charge-back.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Unpaid Claims and Claim Adjustments July 1	\$ 373,248	\$ 388,389
Current Year Claims and Changes in Estimates	76,715	84,634
Claims Payments	(107,605)	(99,775)
Unpaid Claims and Claim Adjustments June 30	\$ <u>342,358</u>	\$ <u>373,248</u>

### Note 8. Construction and Other Significant Commitments

#### Primary Government

The Georgia State Financing and Investment Commission has entered into agreements with various State organizations for the expenditure of bond sale proceeds and cash supplements (provided by or on behalf of the organization involved) to acquire and construct capital projects. At June 30, 2007, the undisbursed balance remaining on these agreements approximated \$1.44 billion.

At June 30, 2007, the Department of Transportation had contractual commitments of \$5.603 billion for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds and general obligation bond proceeds.

### Note 9. Operating Leases

#### A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$117.082 million, \$39.720 million, and \$5.183 million, respectively, for the year ended June 30, 2007. Future minimum commitments for operating leases as of June 30, 2007, are listed below (in thousands). Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 9. Operating Leases (continued)

<u>Fiscal Year Ended June 30</u>	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
2008	\$ 106,855	\$ 29,147	\$ 5,361
2009	85,512	11,520	4,878
2010	78,197	9,784	4,233
2011	67,151	9,435	4,041
2012	60,726	8,948	3,694
2013-2017	181,372	28,833	11,330
2018-2022	95,169	—	—
2023-2027	72,055	—	—
2028-2032	9,246	—	—
2033-2037	7,545	—	—
2038-2042	7,545	—	—
2043-2047	7,545	—	—
2048-2052	6,763	—	—
2053-2057	3,371	—	—
2058-2062	42	—	—
	<u>\$ 789,094</u>	<u>\$ 97,667</u>	<u>\$ 33,537</u>
Less: Sublease Revenues	<u>—</u>	<u>—</u>	<u>(1,535)</u>
Total Minimum Commitments	<u>\$ 789,094</u>	<u>\$ 97,667</u>	<u>\$ 32,002</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 9. Operating Leases (continued)

#### **B. Lessor**

The State leases certain facilities and land for use by others for terms varying from 1 to 65 years. The majority of the governmental activities leases are for facilities controlled by the State Properties Commission. The leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of land and facilities for the

State's governmental activities, business-type activities, and component units were \$8.460 million, \$47 thousand, and \$12.988 million, respectively, for the year ended June 30, 2007. Minimum future revenues and rentals to be received under operating leases as of June 30, 2007, are as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
2008	\$ 8,165	\$ 37	\$ 13,032
2009	8,042	37	11,750
2010	8,013	37	11,143
2011	8,119	37	10,471
2012	8,160	37	9,188
2013-2017	42,575	—	39,091
2018-2022	25,906	—	28,240
2023-2027	7,324	—	22,417
2028-2032	7,673	—	16,005
2033-2037	7,501	—	12,301
2038-2042	8,371	—	11,187
2043-2047	5,698	—	11,530
2048-2052	3,085	—	4,822
2053-2057	3,160	—	—
2058-2062	3,260	—	—
2063-2067	3,360	—	—
2068-2072	2,760	—	—
Total Minimum Revenues	\$ 161,172	\$ 185	\$ 201,177

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 10. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not

available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes. At June 30, 2007, the historical cost of assets acquired through capital leases was as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Land	\$ —	\$ 14,461	\$ —
Infrastructure	—	6,890	—
Buildings	—	1,174,334	—
Improvements Other Than Buildings	—	234	—
Machinery and Equipment	13,487	37,792	17,961
Total Assets Held Under Capital Lease	\$ 13,487	\$ 1,233,711	\$ 17,961

At June 30, 2007, future commitments under capital leases were as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
<b><u>Fiscal Year Ended June 30</u></b>			
2008	\$ 3,841	\$ 97,932	\$ 7,378
2009	2,553	99,080	7,208
2010	1,448	98,001	6,869
2011	823	94,229	5,463
2012	394	90,302	2,712
2013-2017	323	453,669	5,179
2018-2022	—	464,194	1,424
2023-2027	—	421,568	—
2028-2032	—	322,267	—
2033-2037	—	91,007	—
Total Capital Lease Payments	\$ 9,382	\$ 2,232,249	\$ 36,233
Less: Interest and Executory Costs	(1,220)	(1,030,725)	(5,104)
Present Value of Capital Lease Payments	\$ 8,162	\$ 1,201,524	\$ 31,129

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 11. Short-Term Debt

#### Primary Government

On August 1, 2006, the State Road and Tollway Authority (nonmajor governmental fund) was authorized to issue and sell a maximum of \$150 million aggregate principal of Federal Highway Reimbursement Revenue Commercial Paper Notes, Series A, with an initial issuance of \$50 million. Maturities are up to 270 days from date of issue.

The commercial paper notes were issued to provide interim or short-term financing for the planning, engineering, design, acquisition, and construction of various transportation projects. Short-term debt activity for the fiscal year ended June 30, 2007, is shown below (in thousands):

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental Fund/Activities: Commercial Paper Payable	\$ 0	\$ 50,000	\$ (5,000)	\$ 45,000

### Note 12. Long-Term Liabilities

#### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2007, is shown in the table below (in thousands):

	Balance July 1, 2006	Retroactive Restatement of Prior Year Balance	Increases	Decreases	Balance June 30, 2007	Amounts Due Within One Year
<b>Governmental Activities:</b>						
Compensated Absences Payable	\$ 259,342	\$ 3,705	\$ 172,447	\$ (115,169)	\$ 320,325	\$ 106,564
Capital Lease Obligations	4,748	3,025	4,829	(4,440)	8,162	3,150
Contracts Payable	5,374	—	—	(5,374)	0	—
Notes and Loans Payable	796	—	—	(228)	568	255
Revenue Bonds Payable	—	592,825	450,000	(47,955)	994,870	55,620
Net Unamortized Premiums	—	27,113	19,967	(3,957)	43,123	—
General Obligation Bonds Payable	6,842,900	—	1,625,920	(853,155)	7,615,665	583,745
Net Unamortized Premiums	171,791	—	22,816	(13,570)	181,037	—
Deferred Amount on Refunding	(105,348)	—	(13,546)	11,111	(107,783)	—
Arbitrage	2,546	—	6,951	(1,030)	8,467	692
<b>Total Governmental Activities</b>	<b>\$ 7,182,149</b>	<b>\$ 626,668</b>	<b>\$ 2,289,384</b>	<b>\$ (1,033,767)</b>	<b>\$ 9,064,434</b>	<b>\$ 750,026</b>
<b>Business-Type Activities:</b>						
Compensated Absences Payable	\$ 169,949	\$ (3,705)	\$ 129,403	\$ (112,066)	\$ 183,581	\$ 102,135
Capital Lease Obligations	839,926	(3,283)	396,404	(31,523)	1,201,524	34,469
Notes and Loans Payable	2,618	—	7,150	(291)	9,477	303
Revenue Bonds Payable	—	46,510	—	(6,915)	39,595	7,200
Net Unamortized Premiums	—	537	—	(115)	422	—
Deferred Amount on Refunding	—	(1,880)	—	403	(1,477)	—
U. S. DOE Settlement	1,212	—	—	(260)	952	206
<b>Total Business-Type Activities</b>	<b>\$ 1,013,705</b>	<b>\$ 38,179</b>	<b>\$ 532,957</b>	<b>\$ (150,767)</b>	<b>\$ 1,434,074</b>	<b>\$ 144,313</b>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The compensated absences liabilities will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

Included in the revenue bonds payable are \$608.250 million guaranteed by the State (\$568.655 million and \$39.595 million in governmental and business-type activities, respectively) for transportation projects. The governmental activities guaranteed revenue bonds will be liquidated with motor fuel tax collections, and the business-type activities guaranteed revenue bonds will be liquidated with toll revenues.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital

facilities and equipment. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds. As of June 30, 2007, the State had \$331.549 million of authorized but unissued general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds currently outstanding are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	1.00% - 7.45%	\$ 6,468,885
General Government - Refunding	4.875% - 5.00%	1,146,780
Total General Obligation Bonds Outstanding		<u>\$ 7,615,665</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 583,745	\$ 383,157	\$ 966,902
2009	593,475	353,496	946,971
2010	614,615	320,292	934,907
2011	603,795	286,021	889,816
2012	541,215	253,973	795,188
2013-2017	2,182,965	882,501	3,065,466
2018-2022	1,649,915	389,383	2,039,298
2023-2027	845,940	84,494	930,434
Total General Obligation Bonds	<u>\$ 7,615,665</u>	<u>\$ 2,953,317</u>	<u>\$ 10,568,982</u>

During fiscal year 2007, the State issued \$213.72 million General Obligation Refunding Bonds Series 2007C to advance refund \$48.5 million Series 2001B, \$65.185 million Series 2002B, \$48.5 million Series 2002D, and \$59.785 million Series 2002F General Obligation Bonds. The principal amount of the refunding bonds, \$18.922 million of original issue premium, and \$3.105 million State cash contribution less \$231 thousand in bond issuance costs were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$13.546 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2022 using the straight-line method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$13.648 million over 15 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$9.973 million. At June 30, 2007, the total amount outstanding of defeased general obligation bonds was \$1.099 billion.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

#### Component Units

Changes in long-term liabilities for the year ended June 30, 2007, were as follows (in thousands):

	Balance	Retroactive Restatement of Prior			Balance	Amounts Due
	July 1, 2006	Year Balance	Increases	Decreases	June 30, 2007	Within One Year
Compensated Absences Payable	\$ 19,436	\$ —	\$ 22,394	\$ (20,266)	\$ 21,564	\$ 16,098
Capital Lease Obligations	29,002	—	5,923	(3,796)	31,129	5,971
Notes and Loans Payable	173,584	—	143,350	(147,595)	169,339	82,025
Prizes Payable	199,285	—	62,623	(25,518)	236,390	11,766
Revenue/Mortgage Bonds Payable	2,939,852	(665,105)	364,769	(232,358)	2,407,158	69,038
Other	88,743	(9,228)	13,001	(14,994)	77,522	7,812
Total Component Units	\$ 3,449,902	\$ (674,333)	\$ 612,060	\$ (444,527)	\$ 2,943,102	\$ 192,710

#### Statement of Net Assets Reconciliation:

Current Liabilities		
Due to Primary Government	\$ 3,025	\$ 3,025
Compensated Absences Payable	16,098	16,098
Capital Leases/Installment Purchases Payable	5,971	5,971
Notes and Loans Payable	81,691	81,691
Revenue Bonds Payable	61,828	61,828
Grand Prizes Payable	11,766	11,766
Other Current Liabilities	5,121	5,121
Current Liabilities Payable from Restricted Assets		
Revenue Bonds Payable	7,210	7,210
Noncurrent Liabilities		
Compensated Absences Payable	5,466	—
Capital Leases/Installment Purchases Payable	25,158	—
Notes and Loans Payable	85,311	—
Revenue/Mortgage Bonds Payable	2,338,120	—
Grand Prizes Payable	224,624	—
Advances from Primary Government	16,478	—
Other Noncurrent Liabilities	55,235	—
Total Component Units	\$ 2,943,102	\$ 192,710

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

The Georgia Development Authority reported three long-term notes payable to banks with a combined outstanding balance at June 30, 2007, of \$24.003 million. One note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$385 thousand that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2007, of \$3.462 million. Another note, secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.6 percent per annum, and has an outstanding balance at June 30, 2007, of \$16.741 million. Both loans expire September 30, 2011. The final note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments at a rate of LIBOR plus 1.35 percent, and has an outstanding balance at June 30, 2007, of \$3.8 million. This loan expires July 31, 2018.

Three foundations also reported significant amounts of notes and loans payable as of June 30, 2007. First, the Georgia Tech Foundation, Inc. has two \$30 million revolving lines of credit. As of June 30, 2007, \$44.925 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25 percent, which was 5.57% at June 30, 2007. One line of credit expires on June 30, 2008, and the other on December 31, 2008. The Foundation expects to renew both lines of credit upon expiration. The Foundation also has a \$30 million line of credit for the purpose of funding the construction of the Nanotechnology Research Center Building on the Georgia Tech campus. As of June 30, 2007, \$18.801 million was outstanding on the line of credit. Interest on this line of credit is also calculated using the 30-day LIBOR rate plus 0.25%. This line of credit expires on June 30, 2008.

Secondly, the Medical College of Georgia Physicians Practice Group Foundations' Cancer Research Center (CRC) has a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds and lent the proceeds thereof to

CRC for the purpose of providing funds to finance the cost of the construction of a portion of a cancer research center building on the campus of the Medical College of Georgia. As of June 30, 2007, \$32.22 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 to 5.0 percent. Principal payments are due annually through December 2034.

Finally, notes and loans payable included a revolving credit agreement for the University of Georgia's Real Estate Foundation which provides for borrowings or letters of credit at the Real Estate Foundation's option. At June 30, 2007, amounts outstanding or issued under this agreement included borrowings of \$10.499 million and letters of credit and bank reserves of \$8.374 million, resulting in \$31.127 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.325 percent. At June 30, 2007, the rates applicable to the borrowings were 5.645%.

Revenue/mortgage bonds outstanding at June 30, 2007, consisted primarily of the following: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia, and revenue bonds issued by various University System of Georgia foundations totaling \$1.456 billion to fund acquisitions and improvements of properties and facilities. The significant revenue and mortgage bonds outstanding at June 30, 2007, consist of the following (in thousands):

	Georgia Housing and Finance Authority	University System of Georgia Foundations
Interest Rates	1.10% - 8.00%	2.00% - 6.60%
Bonds Outstanding	\$ 712,046	\$ 1,444,065
Unamortized Premium	51	11,606
Net Bonds Outstanding	<u>\$ 712,097</u>	<u>\$ 1,455,671</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for revenue/mortgage bonds are as follows (in thousands):

Year	Georgia Housing and Finance Authority			University System of Georgia Foundations		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 22,117	\$ 32,756	\$ 54,873	\$ 24,831	\$ 68,074	\$ 92,905
2009	37,629	32,619	70,248	26,755	67,197	93,952
2010	23,236	30,802	54,038	29,405	66,103	95,508
2011	23,604	29,810	53,414	30,514	64,860	95,374
2012	28,787	28,780	57,567	41,025	63,492	104,517
2013-2017	117,841	128,099	245,940	194,555	290,573	485,128
2018-2022	132,356	98,425	230,781	246,760	236,210	482,970
2023-2027	122,415	66,921	189,336	292,775	170,094	462,869
2028-2032	118,430	37,377	155,807	370,515	92,384	462,899
2033-2037	82,360	10,363	92,723	179,070	18,011	197,081
2038-2042	3,500	159	3,659	7,860		7,860
Future Accretion - Capital Appreciation Bonds	(178)	178	—	—	—	—
Total Revenue/Mortgage Bonds	\$ 712,097	\$ 496,289	\$ 1,208,386	\$ 1,444,065	\$ 1,136,998	\$ 2,581,063

Various series of bonds under Resolution 1 at the Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at an effective yield of 8.00%.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 13. Interfund Balances

Due To/From Other Funds at June 30, 2007, consist of the following (in thousands):

	Due To:					
	General Fund	Nonmajor Governmental Fund	Nonmajor Enterprise Fund	Internal Service Funds	Fiduciary Funds	Total Due To
<b>Due From:</b>						
General Fund	\$ —	\$ 407	\$ —	\$ 135,237	\$ —	\$ 135,644
Nonmajor Governmental Fund	310,839	—	8,447	1	—	319,287
Higher Education Fund	—	—	—	47,175	—	47,175
Internal Service Funds	738	—	—	30	—	768
Fiduciary Funds	—	—	—	35	1,373	1,408
<b>Total Due From</b>	<b>\$ 311,577</b>	<b>\$ 407</b>	<b>\$ 8,447</b>	<b>\$ 182,478</b>	<b>\$ 1,373</b>	<b>\$ 504,282</b>

Interfund receivables and payables result from billings for goods/services provided between funds. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2007, consist of the following (in thousands):

	Transfers In:					
	Governmental Funds			Proprietary Funds		
	General Fund	Georgia State Financing and Investment Commission	Nonmajor Governmental Fund	Higher Education Fund	Internal Service Funds	Fiduciary Funds
<b>Transfers Out:</b>						<b>Total Transfers Out</b>
General Fund	\$ —	\$ 17,288	\$ 1,043,990	\$ 2,270,147	\$ 4,500	\$ 3,096
Georgia State Financing and Investment Commission	403,216	—	27,683	—	25,704	—
Nonmajor Governmental Funds	410,245	6,085	—	—	—	—
Higher Education Fund	2,373	—	—	—	—	—
Nonmajor Enterprise Funds	—	—	4,408	—	—	—
Internal Service Funds	1,654	8,610	—	—	—	—
Fiduciary Funds	—	—	—	—	—	872,320
<b>Total Transfers In</b>	<b>\$ 817,488</b>	<b>\$ 31,983</b>	<b>\$ 1,076,081</b>	<b>\$ 2,270,147</b>	<b>\$ 30,204</b>	<b>\$ 875,416</b>

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 14. Nonmonetary Transactions

#### Primary Government

The Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances, and the inventory on hand at June 30, 2007, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2007, were as follows (in thousands):

Balance July 1, 2006	\$	8,040
Additions		
Property Received		8,963
	\$	17,003
Deductions		
Property Donated and Other Distributions		10,140
Balance June 30, 2007	\$	6,863

### Note 15. Contingencies

#### A. Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, will be immaterial to its overall financial position.

#### B. Litigation

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

#### Primary Government

A suit has been filed against the Department of Human Resources ("DHR") by a custodial parent receiving child support enforcement services from the Department of Human Resources' Office of Child Support Services ("OCSS"). The plaintiff filed an action seeking class certification on behalf of all custodial parents who have ever received services from OCSS, alleging contractual and tort-based claims for damages based on OCSS's alleged failure to collect statutory interest charges that may have accrued on the plaintiff's child support judgment. DHR was granted summary judgment in its favor, and the case was dismissed. The Plaintiff appealed to the Georgia Court of Appeals and oral arguments were heard on March 8, 2007. On June 29, 2007, the Georgia Court of Appeals issued an opinion affirming the grant of summary judgment to DHR. The Plaintiff/Appellant did not seek a writ of certiorari to the Georgia Supreme Court.

A civil action has been filed against the Teachers' Retirement System of Georgia ("TRS") seeking additional benefits. In April 2004, two retirees filed a civil action in Fulton County Superior Court seeking additional benefits retroactive to the time of their retirement dates for a class of those retirees who elected survivorship options and who retired during the preceding twenty-year period. Plaintiffs allege that TRS did not use updated mortality tables in the calculation of their benefits. The Superior Court granted summary judgment for TRS; however, the judgment was reversed on appeal by the Georgia Supreme Court in October 2006. The case was remanded back to the trial court to determine liability to plaintiffs and whether any part of their claim was barred by applicable statute of limitations.

The case has been transferred to the Fulton County Superior Court's Business Case Division (the Court) for resolution. The ultimate liability to TRS is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. TRS anticipates a decision from the Court early in calendar year 2008. Due to the uncertainty surrounding the variables that will be used to calculate the ultimate liability, management cannot reasonably estimate all of the potential possible outcomes. TRS management has recorded an estimate of the potential liability of approximately \$100 million using a six-year statute of limitation ruling and the interest rates used during that time period. This amount is recorded in accounts payable and other accruals in the accompanying statement of fiduciary net assets as of June 30, 2007. Although the ultimate liability may significantly exceed the amount recorded, management believes that it will not have material adverse effect on the financial statements.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 15. Contingencies (continued)

In a related case, in January 2007, multiple retirees filed a civil action against the Employees' Retirement System of Georgia ("ERS") in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS case described above. This case will be heard after the TRS case has concluded, the parties having agreed that the TRS rulings will apply in this case as well. The ultimate potential liability is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. As such, management cannot reasonably estimate the potential possible outcomes and therefore has not recorded a liability on the statement of fiduciary net assets. Although the ultimate liability cannot be estimated at this time, management believes that it will not have material adverse effect on the financial statements.

A suit has been filed against the State of Georgia in a challenge to the State's system of funding public education. The suit, brought predominantly by rural school districts, claims funding is inadequate as a matter of law and violates the equal protection clause of the Georgia Constitution. Plaintiffs seek to enjoin the current funding system and do not seek damages. If the plaintiffs' theories prevail, the cost to the State would be significant. However, the State believes substantially the same issues have already been settled favorably in a previous suit and is contesting the claims vigorously. The matter is currently in discovery following the granting in part of a motion to dismiss by the State Defendants. The Defendants anticipate that discovery will take at least six more months followed by a motion for summary judgment or trial on the merits.

A suit was filed in July 2007 against the Department of Revenue asserting a claim for the Port Tax Credit. The plaintiff asserts that its increase in imports through Georgia ports during the tax years 2002 through 2004 inclusive qualifies the plaintiff to receive a credit-based income tax refund. The total credit claimed is in excess of \$50 million, although the amount of refund for each taxable year is capped with excess credits carrying forward to subsequent tax years. The State has answered the complaint asserting that the plaintiff does not satisfy the statutory requirements to qualify for the credit. The case is in discovery period. At this time the likelihood of an unfavorable outcome is difficult to determine, but not worse than fifty percent.

A suit was filed in Fulton County Superior Court in September 2007, against the Department of Revenue, seeking a sales tax refund of \$10 million. It involves a legal issue decided in the Department's favor in a previous case which was filed December 2, 2005 to obtain a \$2 million refund. The plaintiff has filed an application for discretionary appeal with the Georgia Court of Appeals from the adverse decision in the first lawsuit. No action is being taken in the second case until the Court of Appeals rules. Because the Court of Appeals denied an application for discretionary appeal filed in a similar case by a different taxpayer, we anticipate that Plaintiff's application will also be denied. However, if the plaintiff's application is granted, the Department will vigorously defend the appeal.

A suit has been filed against the Department of Transportation ("DOT") by a plaintiff alleging breach of contract and seeking damages relating to several road projects. The contract actions involve three similar lawsuits in Turner County, Fulton County, and the United States District Court for the Southern District. The plaintiff seeks approximately \$80 million in damages in the combined cases. In the Turner County case, there are hearings scheduled in early January 2008, relating to several pending motions. It is anticipated that the judge may grant the plaintiff some portion of the \$1.5 million in attorney fees requested. There is no trial date set for this case. In the Fulton County case, DOT filed a counterclaim for breach of contract due to improper work. The court dismissed the plaintiff's claims on summary judgment and the ruling was affirmed on appeal. In the Southern District case, an appeal has been filed to the 11<sup>th</sup> Circuit relating to the plaintiff's 1983 claims and the qualified immunity issue. The district court case is stayed pending the outcome of the appeal.

### C. Guaranteed Loans

#### Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U. S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, until the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (20%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) twenty-two percent (22%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 16. Subsequent Events

#### Primary Government

##### *General Obligation Bonds Issued*

The State issued General Obligation Bonds in the amount of \$599.79 million on August 1, 2007, (Series 2007D and 2007E) and in the amount of \$341.02 million on December 1, 2007 (Series 2007F and 2007G). Proceeds of the bonds will be used to finance various capital acquisitions.

##### *Revenue Bonds*

Subsequent to June 30, 2007, the Board of the State Road and Tollway Authority approved a resolution requesting approval from the Georgia State Financing and Investment Commission to issue up to \$600 million of additional Grant Anticipation Revenue Bonds.

#### Component Units

The Georgia Housing and Finance Authority issued \$60 million of Single Family Mortgage Bonds (2007 Series C) during August 2007. The Bonds constitute general obligations of the Authority payable out of any of the Authority's revenues, moneys, or assets legally available.

### Note 17. Retirement Systems

The State's significant retirement systems are described below:

#### *Employees' Retirement System of Georgia*

##### **Plan Description**

Employees' Retirement System of Georgia ("ERS") is a single-employer, defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan ("SRBP") of ERS. SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members

and retired former members in ERS are eligible to participate in the SRBP whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

Each plan, including benefit and contribution provisions, was established and can be amended by State law.

##### **Benefits**

The benefit structure of ERS was significantly modified on July 1, 1982. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty (60) or thirty (30) years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after twenty-five (25) years of creditable service for members under age sixty (60).

Retirement benefits paid to members are based upon the monthly average of the member's highest twenty-four (24) consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

##### **Summary of Significant Accounting Policies**

The financial statements are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized as additions in the period in which the members provide services. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization except the U. S. Government represents five percent (5%) or more of the net assets available for pension benefits.

##### **Funding Policy**

Member contributions under the old plan are four percent (4%) of annual compensation up to \$4,200 plus six percent

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 17. Retirement Systems (continued)

(6%) of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of one and one-quarter percent (1.25%) of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan are one and one-quarter percent (1.25%) of annual compensation. The State is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation. The State contributions are not at any time refundable to the member or his/her beneficiary.

#### Annual Pension Cost

The required contribution for 2007 was determined as part of the June 30, 2004, actuarial valuation using the entry age actuarial cost method. The latest actuarial valuation was prepared as of June 30, 2006. The actuarial assumptions included (a) seven and one-half percent (7.50%) investment rate of return, (b) projected salary increases of five and forty-five one-hundredths percent (5.45%) to nine and one-quarter percent (9.25%) per year, and (c) an inflation rate of three and three-quarters percent (3.75%) per year.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period. ERS' actuarial funding excess is being amortized as a level percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the unfunded actuarial liability over ten (10) years based upon the actuarial valuation at June 30, 2006, on the assumption that the total payroll of active members will increase by three and three-quarters percent (3.75%) each year.

#### Three-Year Trend Information for ERS (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	245,388	100%	0
2005	243,074	100%	0
2006	258,482	100%	0

### *Regents Retirement Plan*

#### Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the General Assembly of Georgia and administered by the Board of Regents of the University System of Georgia (Proprietary Fund – Higher Education), under which an eligible faculty member or principal administrator may purchase annuity contracts for the purpose of receiving retirement and death benefits. The four (4) approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) have separately issued financial reports, which may be obtained through their respective corporate offices.

#### Benefits

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

#### Funding Policy

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2007, the employer contribution was nine and sixty-six one-hundredths percent (9.66%) for the first six months and eight and thirteen one-hundredths percent (8.13%) for the last six months of the participating employee's earnable compensation. Employees contribute five percent (5%) of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2007, employer and employee contributions were \$66.199 million (9.66% or 8.13%) and \$37.233 million (5%), respectively.

### *Teachers' Retirement System of Georgia*

#### Plan Description

The Teachers' Retirement System of Georgia ("TRS") is a cost-sharing multiple-employer plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. TRS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the TRS offices.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 17. Retirement Systems (continued)

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers ("SRBP"). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of TRS. The purpose of SRBP is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

#### Benefits

TRS provides service retirement, disability retirement, and survivor's benefits. The authority to establish and amend the provisions of TRS is assigned to the State Legislature. A member is eligible for normal service retirement after thirty (30) years of creditable service, regardless of age, or after ten (10) years of service and attainment of age sixty (60). A member is eligible for early retirement after twenty-five (25) years of creditable service.

Normal retirement (pension) benefits paid to members are equal to two percent (2%) of the average of the member's two (2) highest paid consecutive years of service, multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7%) for each month the member is below age sixty (60), or by seven percent (7%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. Death, disability and spousal benefits are also available.

#### Summary of Significant Accounting Policies

The financial statements of TRS are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No

investment in any one organization, except the U. S. Government, represents five percent (5%) or more of the net assets available for pension benefits.

#### Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are five percent (5%) of annual salary, and employer contributions are nine and twenty-eight one-hundredths percent (9.28%), as required by the June 30, 2004, actuarial valuation. The State's contributions to TRS for the years ending June 30, 2007, 2006, and 2005 were \$134.510 million, \$128.265 million, and \$123.865 million, respectively, and were equal to the required contributions for each year.

### Note 18. Postemployment Benefits

#### *Georgia Retiree Health Benefit Fund*

At June 30, 2007, in accordance with State law, the Georgia Retiree Health Benefit Fund provided only for the employer costs associated with postemployment health insurance benefits. Beginning July 1, 2007 (State fiscal year 2008), the Fund will also include retiree contributions and will report all expenses associated with the provision of postemployment health insurance benefits.

#### Plan Description

Georgia Retiree Health Benefit Fund ("GRHBF") is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health.

Membership of the plan consisted of the following at June 30, 2007:

Retirees and beneficiaries receiving benefits	84,319
Terminated plan members entitled to but not yet receiving benefits	491
Active plan members	253,630
Total membership	<u>338,440</u>
Number of participating employers	<u>258</u>

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

#### Summary of Significant Accounting Policies

The financial statements of GRHBF are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Funding Policy

The various agencies, departments and local governments of the State contribute to the fund based upon amounts recommended by the Board and set forth in the Appropriations Act. The plan is currently funded on a "pay-as-you-go" basis.

#### *State Employees' Assurance Department – OPEB*

#### Plan Description

State Employees' Assurance Department – OPEB ("SEAD-OPEB") is a single-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems. Pursuant to Title 47 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees' and Judicial Retirement Systems.

Membership of the plan consisted of the following at June 30, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	
Service retirements	22,653
Disability retirements	4,501
Total retirees and beneficiaries receiving benefits	27,154
Active plan members	74,647
Total membership	101,801

#### Summary of Significant Accounting Policies

The financial statements of SEAD-OPEB are prepared using the accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Funding Policy

Contributions by plan members are established by statute. The Boards of Trustees of the Employees' and Judicial Retirement Systems establish employer contribution rates, such rates which, when added to members' contributions, shall not exceed one percent of earnable compensation. For the fiscal year ended June 30, 2007, contributions of ERS "old plan" members were one-half of one percent of earnable compensation, one-quarter of one percent of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were one-quarter of one percent of earnable compensation. There were no required employer contributions for the fiscal year ended June 30, 2007.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

#### *Funded Status and Funding Progress – OPEB Plans* (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
<b>GRHBF</b>						
06/30/2005	\$ 0	\$ 15,035,227	\$ 15,035,227	0.0%	\$ 11,613,237	129.5%
<b>SEAD-OPEB</b>						
06/30/2006	\$ 0	\$ 568,476	\$ 568,476	0.0%	\$ 2,667,159	21.3%

Note: The allocation and transfer of assets to the plans took place subsequent to the respective actuarial valuation dates.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, present trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the

parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

	GRHBF	SEAD-OPEB
Valuation date	June 30, 2005	June 30, 2006
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	30 years	30 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	6.00%*	7.50%
Healthcare cost trend rate	10.00% initial* 5.50% ultimate	

\* Includes an inflation assumption of 3.75%

#### ***Board of Regents***

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university fund) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System pay the employer portion for health insurance for affected individuals. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the employee.

As of June 30, 2007, there were 12,909 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2007, the University System of Georgia recognized \$58.606 million of expenditures, which was net of \$21.264 million of participant contributions.

In anticipation of the establishment of an OPEB trust fund beginning July 1, 2007 (State fiscal year 2008), the Board of Regents has received from its actuary a report of the unfunded actuarial accrued liability and annual required contributions. Results measured as of July 1, 2007, indicate an actuarial accrued liability of \$2.5 billion and an actuarially determined annual required contribution of \$273.5 million.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 19. Fund Balances/Net Assets

#### *General Fund Reserves*

General Fund reserves for Other Specific Purposes are legally or externally restricted for the following programs/projects (in thousands):

Natural Resources	\$	49,896
Health and Welfare		45,105
Public Safety		35,563
General Government		17,709
Economic Development		7,099
Transportation		5,194
Education		4,836
Judicial		4,583
Total Reserve for Other Specific Purposes	\$	<u>169,985</u>

#### *Deficit Fund Balances/Net Assets*

The following organizations/funds had deficit balances at June 30, 2007.

##### **Primary Government**

##### *Internal Service Funds*

*Agency for Removal of Hazardous Materials* – At June 30, 2007, the agency had an unrestricted net assets deficit of \$188 thousand, and a total net assets deficit of \$182 thousand.

*State Indemnification Fund (Risk Management)* – At June 30, 2007, the fund had an unrestricted net assets deficit (total net assets deficit) of \$361 thousand.

##### **Component Units**

*Georgia Agricultural Exposition Authority* – At June 30, 2007, the Authority had an unrestricted net assets deficit of \$169 thousand.

*Georgia Lottery Corporation* – At June 30, 2007, the Corporation had an unrestricted net assets deficit of \$4.716 million.

*North Georgia Mountains Authority* – At June 30, 2007, the Authority had an unrestricted net assets deficit of \$9.741 million, and a total net assets deficit of \$713 thousand.

*Georgia Southern University Housing Foundation, Incorporated* – At June 30, 2007, the Foundation had an unrestricted net assets deficit of \$227 thousand.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### Employees' Retirement System of Georgia (Pension)

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/04	\$ 12,797,389	\$ 13,106,648	\$ 309,259	97.6%	\$ 2,445,619	12.6%
6/30/05	13,134,472	13,512,773	378,301	97.2%	2,514,430	15.0%
6/30/06	13,461,132	14,242,845	781,713	94.5%	2,630,167	29.7%

### Georgia Retiree Health Benefit Fund (OPEB)

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/03	\$ 0	\$ 16,630,000	\$ 16,630,000	0.0%	\$ 11,515,000	144.4%
6/30/04	0	17,974,145	17,974,145	0.0%	11,327,850	158.7%
6/30/05 *	0	15,035,227	15,035,227	0.0%	11,613,237	129.5%

\* Assumptions were changed due to experience study.

Note: The allocation and transfer of assets to the Plan took place subsequent to the June 30, 2005, actuarial valuation.

#### *Schedule of Employer Contributions*

(dollars in thousands)

Year Ended June 30	Actuarial Annual Required Contribution	Percentage Contributed
2007	\$ 1,583,008	26.7%

# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### State Employees' Assurance Department – OPEB

#### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a) / c]
6/30/06	\$ 0	\$ 568,476	\$ 568,476	0.0%	\$ 2,667,159	21.3%

Note: The allocation and transfer of assets to the Plan took place subsequent to the June 30, 2006, actuarial valuation.

#### *Schedule of Employer Contributions*

(dollars in thousands)

Year Ended June 30	Actuarial Annual Required Contribution	Percentage Contributed
2007	\$ 0	n/a

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
<b>Funds Available (Inflows)</b>				
Revenues				
State Appropriation				
State General Funds	\$ 16,830,724	\$ 17,334,929	\$ 17,334,879	\$ (50)
Brain and Spinal Injury Trust Fund	3,008	3,008	3,008	0
Lottery Funds	841,555	841,555	797,374	(44,181)
State Motor Fuel Funds	801,759	863,841	863,841	0
Tobacco Settlement Funds	177,518	167,512	167,512	0
Federal Funds				
Child Care and Development Block Grant	53,817	83,097	77,629	(5,468)
Community Mental Health Services Block Grant	12,840	23,259	17,015	(6,244)
Community Services Block Grant	17,189	17,309	20,096	2,787
Federal Transit - Capital Investment Grants	1,100,000	1,100,000	1,667,189	567,189
Foster Care Title IV-E	12,858	12,858	1,856	(11,002)
Highway Planning and Construction	49,193	32,060	47,450	15,390
Low-Income Home Energy Assistance	18,930	24,068	22,018	(2,050)
Maternal and Child Health Services Block Grant	17,348	20,645	21,811	1,166
Medical Assistance Program	4,931,810	5,958,908	4,770,906	(1,188,002)
Prevention and Treatment of Substance Abuse Block Grant	50,961	66,015	50,742	(15,273)
Preventive Health and Health Services Block Grant	4,204	4,776	3,180	(1,596)
Social Services Block Grant	50,485	88,202	90,780	2,578
State Children's Insurance Program	190,657	314,566	303,889	(10,677)
Temporary Assistance for Needy Families	505,523	546,016	344,246	(201,770)
Federal Funds Not Itemized	2,395,657	3,991,107	3,194,162	(796,945)
Other Funds	6,509,146	11,455,314	9,073,603	(2,381,711)
Total Revenues	\$ 34,575,182	\$ 42,949,045	\$ 38,873,186	\$ (4,075,859)
Prior Year Reserves Available for Expenditure	—	—	1,695,911	1,695,911
Total Funds Available	\$ 34,575,182	\$ 42,949,045	\$ 40,569,097	\$ (2,379,948)
<b>Expenditures (outflows)</b>				
<i>Section 1: Georgia Senate</i>				
Lieutenant Governor's Office	\$ 838	\$ 839	\$ 836	\$ 3
Secretary of the Senate's Office	1,199	1,379	1,021	358
Senate	6,739	7,427	6,795	632
Senate Budget and Evaluation Office	1,003	1,057	867	190
Total Georgia Senate	\$ 9,779	\$ 10,702	\$ 9,519	\$ 1,183
<i>Section 2: Georgia House of Representatives</i>				
Georgia House of Representatives	\$ 17,492	\$ 18,716	\$ 16,876	\$ 1,840
<i>Section 3: Georgia General Assembly Joint Offices</i>				
Ancillary Activities	\$ 3,833	\$ 4,781	\$ 4,462	\$ 319
Legislative Fiscal Office	2,364	2,380	2,300	80
Office of Legislative Counsel	2,881	2,880	2,576	304
Total Georgia General Assembly Joint Offices	\$ 9,078	\$ 10,041	\$ 9,338	\$ 703
<i>Section 4: Audits and Accounts, Department of</i>				
Administration	\$ 1,603	\$ 1,603	\$ 1,564	\$ 39
Audit and Assurance Services	28,054	28,054	27,656	398
Legislative Services	113	113	106	7
Statewide Equalized Adjusted Property Tax Digest	2,158	2,158	2,087	71
Total Audits and Accounts, Department of	\$ 31,928	\$ 31,928	\$ 31,413	\$ 515

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 5: Appeals, Court of</b>				
Court of Appeals	\$ 12,841	\$ 13,257	\$ 13,257	\$ 0
<b>Section 6: Judicial Council</b>				
Appellate Resource Center	\$ 800	\$ 800	\$ 800	\$ 0
Georgia Office of Dispute Resolution	366	556	371	185
Institute of Continuing Judicial Education	1,126	1,381	1,331	50
Judicial Council	10,913	13,432	12,960	472
Judicial Qualifications Commission	260	265	265	0
<b>Total Judicial Council</b>	<b>\$ 13,465</b>	<b>\$ 16,434</b>	<b>\$ 15,727</b>	<b>\$ 707</b>
<b>Section 7: Juvenile Courts</b>				
Council of Juvenile Court Judges	\$ 1,539	\$ 2,500	\$ 2,053	\$ 447
Grants to Counties for Juvenile Court Judges	4,911	4,922	4,889	33
<b>Total Juvenile Courts</b>	<b>\$ 6,450</b>	<b>\$ 7,422</b>	<b>\$ 6,942</b>	<b>\$ 480</b>
<b>Section 8: Prosecuting Attorneys</b>				
District Attorneys	\$ 47,988	\$ 56,267	\$ 56,308	\$ (41)
Prosecuting Attorney's Council	5,108	5,676	5,673	3
<b>Total Prosecuting Attorneys</b>	<b>\$ 53,096</b>	<b>\$ 61,943</b>	<b>\$ 61,981</b>	<b>\$ (38)</b>
<b>Section 9: Public Defender Standards Council, Georgia</b>				
Public Defender Standards Council	\$ 11,167	\$ 11,167	\$ 12,415	\$ (1,248)
Public Defenders	18,638	27,147	54,694	(27,547)
<b>Total Public Defender Standards Council, Georgia</b>	<b>\$ 29,805</b>	<b>\$ 38,314</b>	<b>\$ 67,109</b>	<b>\$ (28,795)</b>
<b>Section 10: Superior Courts</b>				
Council of Superior Court Clerks	\$ 243	\$ 243	\$ 243	\$ 0
Council of Superior Court Judges	972	999	999	0
Judicial Administrative Districts	2,185	2,243	2,243	0
Superior Court Judges	50,109	50,817	50,805	12
<b>Total Superior Courts</b>	<b>\$ 53,509</b>	<b>\$ 54,302</b>	<b>\$ 54,290</b>	<b>\$ 12</b>
<b>Section 11: Supreme Court</b>				
Supreme Court of Georgia	\$ 7,921	\$ 8,183	\$ 8,183	\$ 0
<b>Section 12: Accounting Office, State</b>				
State Accounting Office	\$ 15,776	\$ 17,629	\$ 17,625	\$ 4
<b>Section 13: Administrative Services, Department of</b>				
Administration	\$ 5,580	\$ 5,580	\$ 5,048	\$ 532
Fiscal Services	322	351	349	2
Fleet Management	2,503	2,503	1,344	1,159
Mail and Courier	1,388	1,388	992	396
Risk Management	137,389	137,389	134,836	2,553
State Purchasing	9,650	9,650	8,954	696
Surplus Property	2,044	2,576	2,455	121
U.S. Post Office	173	174	174	0
Agency for the Removal of Hazardous Materials	85	85	85	0
Health Planning Review Board	60	60	60	0
Office of State Administrative Hearings	4,438	4,438	4,309	129
Office of Treasury and Fiscal Services	3,095	3,677	3,293	384
Payments to Georgia Technology Authority	4,750	4,397	4,397	0
<b>Total Administrative Services, Department of</b>	<b>\$ 171,477</b>	<b>\$ 172,268</b>	<b>\$ 166,296</b>	<b>\$ 5,972</b>

(continued)

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund (continued)

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
<b>Section 14: Agriculture, Department of</b>				
Administration	\$ 6,413	\$ 7,462	\$ 7,461	\$ 1
Athens/Tifton Veterinary Labs	3,485	3,485	3,485	0
Consumer Protection	29,701	31,801	31,800	1
Marketing and Promotion	8,564	8,823	8,820	3
Poultry Veterinary Diagnostic Labs	3,483	3,612	3,612	0
<b>Total Agriculture, Department of</b>	<b>\$ 51,646</b>	<b>\$ 55,183</b>	<b>\$ 55,178</b>	<b>\$ 5</b>
<b>Section 15: Banking and Finance, Department of</b>				
Administration	\$ 1,786	\$ 1,856	\$ 1,854	\$ 2
Chartering, Licensing and Applications/Non-Mortgage Entities	513	513	498	15
Consumer Protection and Assistance	530	600	599	1
Financial Institution Supervision	6,956	6,976	6,973	3
Mortgage Supervision	1,797	1,637	1,631	6
<b>Total Banking and Finance, Department of</b>	<b>\$ 11,582</b>	<b>\$ 11,582</b>	<b>\$ 11,555</b>	<b>\$ 27</b>
<b>Section 16: Community Affairs, Department of</b>				
Administration	\$ 4,800	\$ 5,704	\$ 5,649	\$ 55
Building Construction	461	499	496	3
Coordinated Planning	3,622	3,785	3,767	18
Environmental Education and Assistance	999	1,850	1,755	95
Federal Community and Economic Development Programs	38,746	50,937	50,577	360
Homeownership Programs	4,014	4,437	3,941	496
Local Assistance Grants	6,541	6,541	6,478	63
Regional Services	2,136	2,645	2,640	5
Rental Housing Programs	62,831	110,617	109,358	1,259
Research and Surveys	651	639	632	7
Special Housing Initiatives	4,505	5,520	5,066	454
State Community Development Programs	1,233	1,301	1,265	36
State Economic Development Program	9,791	56,460	56,413	47
Payments to Georgia Environmental Facilities Authority	6,588	6,588	6,586	2
Payments to Georgia Regional Transportation Authority	4,571	4,571	4,571	0
Payments to OneGeorgia Authority	47,385	47,695	47,650	45
<b>Total Community Affairs, Department of</b>	<b>\$ 198,874</b>	<b>\$ 309,789</b>	<b>\$ 306,844</b>	<b>\$ 2,945</b>
<b>Section 17: Community Health, Department of</b>				
Administration	\$ 337,475	\$ 425,068	\$ 353,172	\$ 71,896
Aged, Blind, and Disabled Medicaid	3,836,980	4,631,673	3,423,577	1,208,096
Health Care Access and Improvement	11,999	17,830	15,773	2,057
Indigent Care Trust Fund	795,217	1,001,286	992,027	9,259
Low-Income Medicaid	2,501,610	3,143,484	2,647,503	495,981
Nursing Home Provider Fees	245,808	291,977	291,977	0
PeachCare	249,664	345,761	319,778	25,983
State Health Benefit Plan	2,411,434	2,411,434	2,377,547	33,887
Composite Board of Medical Examiners	2,203	2,369	2,330	39
Georgia Board for Physician Workforce:				
Administration	559	559	559	0
Graduate Medical Education	6,712	6,712	6,567	145
Mercer School of Medicine	19,061	19,061	19,061	0
Morehouse School of Medicine	10,547	10,547	10,547	0
Undergraduate Medical Education	3,539	3,539	3,539	0
State Medical Education Board	1,413	1,512	1,347	165
<b>Total Community Health, Department of</b>	<b>\$ 10,434,221</b>	<b>\$ 12,312,812</b>	<b>\$ 10,465,304</b>	<b>\$ 1,847,508</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 18: Corrections, Department of</b>				
Administration	\$ 60,859	\$ 61,169	\$ 58,052	\$ 3,117
Bainbridge Probation Substance Abuse Treatment Center	4,718	4,946	4,791	155
Detention Centers	43,877	50,074	48,705	1,369
Food and Farm Operations	12,650	15,623	15,595	28
Health	184,488	195,155	193,980	1,175
Jail Subsidy	4,799	4,799	4,799	0
Offender Management	44,243	44,351	44,316	35
Parole Revocation Centers	4,036	4,990	4,866	124
Private Prisons	76,786	79,183	79,183	0
Probation Diversion Centers	14,756	15,531	13,789	1,742
Probation Supervision	72,646	74,160	74,151	9
State Prisons	477,266	548,198	514,740	33,458
Transitional Centers	23,722	24,126	24,014	112
<b>Total Corrections, Department of</b>	<b>\$ 1,024,846</b>	<b>\$ 1,122,305</b>	<b>\$ 1,080,981</b>	<b>\$ 41,324</b>
<b>Section 19: Defense, Department of</b>				
Administration	\$ 1,111	\$ 1,522	\$ 1,505	\$ 17
Military Readiness	36,258	34,159	31,399	2,760
Youth Educational Services	8,983	9,492	9,457	35
<b>Total Defense, Department of</b>	<b>\$ 46,352</b>	<b>\$ 45,173</b>	<b>\$ 42,361</b>	<b>\$ 2,812</b>
<b>Section 20: Driver Services, Department of</b>				
Customer Service Support	\$ 8,778	\$ 9,247	\$ 9,119	\$ 128
License Issuance	40,596	42,374	42,187	187
Regulatory Compliance	4,779	5,766	5,510	256
<b>Total Driver Services, Department of</b>	<b>\$ 54,153</b>	<b>\$ 57,387</b>	<b>\$ 56,816</b>	<b>\$ 571</b>
<b>Section 21: Early Care and Learning, Department of</b>				
Child Care Services	\$ 7,665	\$ 7,841	\$ 7,841	\$ 0
Nutrition	90,001	97,000	97,000	0
Pre-Kindergarten Program	302,621	310,108	310,088	20
Quality Initiatives	22,370	19,336	19,336	0
<b>Total Early Care and Learning, Department of</b>	<b>\$ 422,657</b>	<b>\$ 434,285</b>	<b>\$ 434,265</b>	<b>\$ 20</b>
<b>Section 22: Economic Development, Department of</b>				
Administration	\$ 6,424	\$ 6,424	\$ 6,425	\$ (1)
Business Recruitment and Expansion	7,012	7,062	7,056	6
Film, Video and Music	1,197	1,196	1,189	7
Innovation & Technology	2,624	2,624	2,605	19
International Relations and Trade	2,296	2,296	2,294	2
Small and Minority Business Development	914	864	854	10
Tourism	12,061	12,161	12,156	5
Civil War Commission	0	100	100	0
Payments to Aviation Hall of Fame Authority	50	50	50	0
Payments to Georgia Golf Hall of Fame Authority	59	59	59	0
Payments to Georgia Medical Center Authority	405	405	405	0
Payments to Georgia Music Hall of Fame Authority	814	814	814	0
Payments to Georgia Sports Hall of Fame Authority	742	742	742	0
<b>Total Economic Development, Department of</b>	<b>\$ 34,598</b>	<b>\$ 34,797</b>	<b>\$ 34,749</b>	<b>\$ 48</b>

(continued)

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund (continued)

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 23: Education, Department of</b>				
Academic Coach	\$ 6,167	\$ 3,529	\$ 3,506	\$ 23
Agricultural Education	8,685	11,775	11,323	452
Central Office	80,952	110,459	72,643	37,816
Charter Schools	7,950	14,269	6,157	8,112
Communities in Schools	2,303	2,303	2,303	0
Curriculum Development	1,975	1,975	1,924	51
Dropout Prevention	15,829	15,829	15,825	4
Equalization	427,024	432,240	432,240	0
Federal Programs	817,561	1,179,560	1,025,727	153,833
Foreign Language	1,591	1,591	1,549	42
Fund Accounting	2,000	2,000	1,969	31
Georgia Learning Resources System (GLRS)	5,118	9,462	8,307	1,155
Georgia Virtual School	2,189	2,911	2,831	80
Georgia Youth Science and Technology	689	689	689	0
Governor's Honors Program	1,418	1,418	1,412	6
Information Technology Services	7,417	7,417	7,405	12
Local Five Mill Share	(1,440,263)	(1,440,071)	(1,440,071)	0
National Board Certification	11,038	12,295	12,295	0
National Science Center and Foundation	1,417	1,417	1,417	0
Non-Quality Basic Education Grants	21,089	20,648	20,576	72
Nutrition	225,900	681,480	472,280	209,200
Preschool Handicapped	26,471	26,471	26,470	1
Principal Supplements	5,361	5,361	5,361	0
Pupil Transportation	166,452	211,452	211,302	150
Quality Basic Education Program	7,419,025	7,585,629	7,585,486	143
Regional Education Service Agencies (RESAs)	11,962	11,962	11,962	0
School Improvement	11,736	11,349	11,176	173
School Nurses	30,000	30,000	30,000	0
Severely Emotionally Disturbed (SED)	75,559	80,248	79,888	360
State Interagency Transfers	270,480	271,239	266,731	4,508
State Reading and Math Program	26,503	25,308	25,308	0
State Schools	21,131	21,975	20,813	1,162
Technology/Career Education	40,571	51,233	46,409	4,824
Testing	30,914	36,587	34,438	2,149
Tuition for the Multi-Handicapped	1,659	1,659	1,575	84
<b>Total Education, Department of</b>	<b>\$ 8,345,873</b>	<b>\$ 9,443,669</b>	<b>\$ 9,019,226</b>	<b>\$ 424,443</b>
<b>Section 24: Employees' Retirement System of Georgia</b>				
Administration	\$ 17,315	\$ 20,304	\$ 19,945	\$ 359
Deferred Compensation	3,761	2,517	2,395	122
Georgia Military Pension Fund	1,005	1,005	1,005	0
Public School Employees Retirement System	7,072	7,072	7,072	0
<b>Total Employees' Retirement System of Georgia</b>	<b>\$ 29,153</b>	<b>\$ 30,898</b>	<b>\$ 30,417</b>	<b>\$ 481</b>

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<i>Section 25: Forestry Commission, State</i>				
Administration	\$ 4,665	\$ 4,476	\$ 4,476	\$ 0
Forest Management	4,361	10,141	10,141	0
Forest Protection	29,223	66,691	65,512	1,179
Tree Improvement	119	129	129	0
Tree Seedling Nursery	1,347	1,249	1,251	(2)
<i>Total Forestry Commission, State</i>	<u>\$ 39,715</u>	<u>\$ 82,686</u>	<u>\$ 81,509</u>	<u>\$ 1,177</u>
<i>Section 26: Governor, Office of the</i>				
Governor's Emergency Funds	\$ 3,470	\$ 0	\$ 0	\$ 0
Governor's Office	5,244	9,540	9,245	295
Office of Planning and Budget	9,061	9,380	9,347	33
Arts, Georgia Council for the	4,706	4,873	4,571	302
Child Advocate, Office of the	743	1,044	919	125
Commission on Equal Opportunity	1,050	1,623	1,210	413
Consumer Affairs, Office of	7,016	8,285	8,105	180
Georgia Emergency Management Agency	6,548	100,436	82,664	17,772
Homeland Security, Office of	506	506	498	8
Inspector General, Office of the State	831	831	538	293
Professional Standards Commission, Georgia	6,966	9,897	8,438	1,459
Student Achievement, Office of	1,429	1,835	1,345	490
<i>Total Governor, Office of the</i>	<u>\$ 47,570</u>	<u>\$ 148,250</u>	<u>\$ 126,880</u>	<u>\$ 21,370</u>
(continued)				

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 27: Human Resources, Department of</b>				
Administration	\$ 237,538	\$ 246,038	\$ 219,520	\$ 26,518
Adolescent and Adult Health Promotion	48,539	57,476	52,485	4,991
Adoption Services	69,586	87,704	86,109	1,595
Adult Addictive Disease Services	70,392	95,209	94,293	916
Adult Developmental Disabilities Services	330,381	266,037	236,094	29,943
Adult Essential Health Treatment Services	14,627	16,486	13,718	2,768
Adult Forensic Services	27,286	30,667	29,095	1,572
Adult Mental Health Services	179,590	236,260	221,396	14,864
Adult Nursing Home Services	1,708	13,551	10,625	2,926
After School Care	34,000	14,650	13,151	1,499
Child and Adolescent Addictive Disease Services	26,550	24,802	15,926	8,876
Child and Adolescent Development Disabilities Services	23,474	20,601	15,682	4,919
Child and Adolescent Forensic Services	6,854	1,100	834	266
Child and Adolescent Mental Health Services	70,124	67,908	63,572	4,336
Child Care Services	232,967	225,929	227,424	(1,495)
Child Support Services	67,503	93,640	93,112	528
Child Welfare Services	242,263	257,302	299,180	(41,878)
Direct Care Support Services	151,264	160,135	148,277	11,858
Elder Abuse Investigations and Prevention	15,371	19,265	16,319	2,946
Elder Community Living Services	108,704	110,887	109,720	1,167
Elder Support Services	8,881	9,701	8,850	851
Eligibility Determination	50,306	92,851	95,718	(2,867)
Emergency Preparedness/Trauma System Improvement	6,989	42,158	38,262	3,896
Energy Assistance	19,371	27,979	27,993	(14)
Epidemiology	5,539	11,236	9,811	1,425
Facility and Provider Regulation	13,818	15,491	14,761	730
Family Violence Services	10,003	12,201	11,597	604
Federal and Unobligated Balances	131,449	131,449	0	131,449
Food Stamp Eligibility & Benefits	53,632	81,991	82,343	(352)
Immunization	17,983	24,202	23,221	981
Infant and Child Essential Health Treatment Services	44,873	65,192	59,343	5,849
Infant and Child Health Promotion	108,204	292,326	282,439	9,887
Infectious Disease Control	46,186	92,611	85,333	7,278
Injury Prevention	539	2,250	1,746	504
Inspections and Environmental Hazard Control	14,956	19,671	18,995	676
Out-of-Home Care	313,782	429,678	333,229	96,449
Refugee Assistance	3,700	4,077	4,845	(768)
Substance Abuse Prevention Services	11,271	17,201	11,978	5,223
Support for Needy Families - Basic Assistance	91,688	64,062	64,062	0
Support for Needy Families - Family Assistance	64,610	53,940	51,119	2,821
Support for Needy Families - Work Assistance	86,067	25,067	19,973	5,094
Vital Records	2,497	3,041	2,996	45
Brain and Spinal Injury Trust Fund	3,008	4,994	3,954	1,040
Child Fatality Review Board	339	415	390	25
Children's Trust Fund Commission	7,495	17,716	16,840	876
Council on Aging	175	175	173	2
Developmental Disabilities, Council on	2,292	2,408	2,145	263
Family Connection	10,863	12,850	11,866	984
<b>Total Human Resources, Department of</b>	<b>\$ 3,089,237</b>	<b>\$ 3,602,580</b>	<b>\$ 3,250,514</b>	<b>\$ 352,066</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 28: Insurance, Department of</b>				
Administration	\$ 2,296	\$ 2,306	\$ 2,287	\$ 19
Enforcement	812	812	797	15
Fire Safety	6,187	6,115	5,632	483
Industrial Loan	723	723	650	73
Insurance Regulation	5,618	5,618	5,511	107
Special Fraud	3,103	3,103	2,890	213
<b>Total Insurance, Department of</b>	<b>\$ 18,739</b>	<b>\$ 18,677</b>	<b>\$ 17,767</b>	<b>\$ 910</b>
<b>Section 29: Investigation, Georgia Bureau of</b>				
Administration	\$ 9,642	\$ 9,979	\$ 9,905	\$ 74
Centralized Scientific Services	12,609	14,762	14,747	15
Criminal Justice Information Services	9,761	14,624	14,618	6
Georgia Information Sharing and Analysis Center	819	1,386	1,360	26
Regional Forensic Services	8,218	8,216	8,216	0
Regional Investigative Services	21,164	23,119	23,044	75
Special Operations Unit	699	1,984	1,947	37
State Healthcare Fraud Unit	1,125	4,596	4,423	173
Task Forces	984	1,001	1,001	0
Criminal Justice Coordinating Council	35,632	36,322	36,212	110
<b>Total Investigation, Georgia Bureau of</b>	<b>\$ 100,653</b>	<b>\$ 115,989</b>	<b>\$ 115,473</b>	<b>\$ 516</b>
<b>Section 30: Juvenile Justice, Department of</b>				
Administration	\$ 28,573	\$ 29,833	\$ 28,940	\$ 893
Community Non-Secure Commitment	57,061	53,812	53,121	691
Community Supervision	45,584	45,189	44,094	1,095
Secure Commitment (YDCs)	89,503	90,489	89,614	875
Secure Detention (RYDCs)	95,037	98,233	97,313	920
Children and Youth Coordinating Council	3,262	12,229	7,340	4,889
<b>Total Juvenile Justice, Department of</b>	<b>\$ 319,020</b>	<b>\$ 329,785</b>	<b>\$ 320,422</b>	<b>\$ 9,363</b>
<b>Section 31: Labor, Department of</b>				
Administration - Department of Labor	\$ 13,829	\$ 43,508	\$ 38,835	\$ 4,673
Administration - Division of Rehabilitation	3,519	5,108	4,627	481
Business Enterprise Program	1,736	2,736	1,757	979
Commission on Women	93	93	92	1
Disability Adjudication Section	55,599	55,599	45,204	10,395
Georgia Industries for the Blind	11,810	11,810	10,195	1,615
Labor Market Information	2,932	3,222	3,140	82
Roosevelt Warm Springs Institute	31,166	32,439	29,567	2,872
Safety Inspections	2,870	2,880	2,858	22
Unemployment Insurance	46,824	61,279	60,078	1,201
Vocational Rehabilitation Program	86,079	86,020	82,766	3,254
Workforce Development	96,268	126,023	123,462	2,561
<b>Total Labor, Department of</b>	<b>\$ 352,725</b>	<b>\$ 430,717</b>	<b>\$ 402,581</b>	<b>\$ 28,136</b>
<b>Section 32: Law, Department of</b>				
Law, Department of	\$ 36,497	\$ 56,763	\$ 56,544	\$ 219
<b>Section 33: State Merit System of Personnel Administration</b>				
Administration	\$ 5,063	\$ 4,323	\$ 3,754	\$ 569
Recruitment and Staffing Services	1,322	1,180	1,135	45
Total Compensation and Rewards	4,566	6,371	5,750	621
Workforce Development and Alignment	3,569	4,901	4,111	790
<b>Total State Merit System of Personnel Administration</b>	<b>\$ 14,520</b>	<b>\$ 16,775</b>	<b>\$ 14,750</b>	<b>\$ 2,025</b>

(continued)

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
<b>Section 34: Natural Resources, Department of</b>				
Administration	\$ 10,113	\$ 10,949	\$ 10,726	\$ 223
Coastal Resources	2,891	7,332	7,068	264
Environmental Protection	87,642	143,912	139,767	4,145
Hazardous Waste Trust Fund	7,674	7,600	7,600	0
Historic Preservation	2,546	2,901	2,724	177
Land Conservation	466	466	386	80
Parks, Recreation and Historic Sites	39,982	62,403	62,083	320
Pollution Prevention Assistance	694	1,399	1,269	130
Solid Waste Trust Fund	6,000	6,000	2,989	3,011
Wildlife Resources	43,140	57,595	56,728	867
Civil War Commission	100	0	0	0
Georgia State Games Commission	382	382	50	332
Payments to Georgia Agrirama Development Authority	872	872	872	0
Payments to Georgia Agricultural Exposition Authority	1,642	1,642	1,642	0
Payments to Lake Allatoona Preservation Authority	100	100	100	0
Payments to Southwest Georgia Railroad Excursion Authority	372	372	372	0
<b>Total Natural Resources, Department of</b>	<b>\$ 204,616</b>	<b>\$ 303,925</b>	<b>\$ 294,376</b>	<b>\$ 9,549</b>
<b>Section 35: Pardons and Paroles, State Board of</b>				
Administration	\$ 4,892	\$ 4,942	\$ 4,941	\$ 1
Clemency	10,212	10,219	10,211	8
Parole Supervision	34,477	36,101	35,738	363
Victim Services	532	532	513	19
<b>Total Pardons and Paroles, State Board of</b>	<b>\$ 50,113</b>	<b>\$ 51,794</b>	<b>\$ 51,403</b>	<b>\$ 391</b>
<b>Section 36: Properties Commission, State</b>				
Leasing	\$ 403	\$ 436	\$ 389	\$ 47
State Properties Commission	588	738	683	55
Payments to Georgia Building Authority	4,886	4,886	0	4,886
<b>Total Properties Commission, State</b>	<b>\$ 5,877</b>	<b>\$ 6,060</b>	<b>\$ 1,072</b>	<b>\$ 4,988</b>
<b>Section 37: Public Safety, Department of</b>				
Administration	\$ 9,274	\$ 8,774	\$ 8,761	\$ 13
Aviation	2,366	2,608	2,711	(103)
Capitol Police Services	3,151	7,504	7,254	250
Executive Security Services	1,392	1,420	1,420	0
Field Offices and Services	64,394	70,421	70,412	9
Motor Carrier Compliance	16,372	19,430	19,392	38
Specialized Collision Reconstruction Team (SCRT)	2,351	2,910	2,910	0
Troop J Specialty Units	2,292	2,292	2,292	0
Firefighter Standards and Training Council	690	690	670	20
Office of Highway Safety	3,671	25,218	16,891	8,327
Peace Officer Standards and Training Council (POST)	2,039	2,211	2,151	60
Public Safety Training Center	13,281	18,601	17,562	1,039
<b>Total Public Safety, Department of</b>	<b>\$ 121,273</b>	<b>\$ 162,079</b>	<b>\$ 152,426</b>	<b>\$ 9,653</b>
<b>Section 38: Public Service Commission</b>				
Administration	\$ 1,187	\$ 1,187	\$ 1,185	\$ 2
Facility Protection	904	1,227	1,226	1
Utilities Regulation	7,230	7,306	7,306	0
<b>Total Public Service Commission</b>	<b>\$ 9,321</b>	<b>\$ 9,720</b>	<b>\$ 9,717</b>	<b>\$ 3</b>

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 39: Regents, University System of Georgia</b>				
Advanced Technology Development Center / Economic Development Institute	\$ 27,447	\$ 28,697	\$ 27,981	\$ 716
Agricultural Experiment Station	72,948	78,258	76,086	2,172
Athens/Tifton Veterinary Laboratories	4,737	6,237	5,419	818
Cooperative Extension Service	56,648	65,446	62,559	2,887
Forestry Cooperative Extension	659	1,121	945	176
Forestry Research	3,134	6,261	6,447	(186)
Georgia Radiation Therapy Center	3,626	3,626	0	3,626
Georgia Tech Research Institute	130,467	138,721	134,899	3,822
Marine Extension Services	2,713	3,865	3,760	105
Marine Institute	1,712	1,759	1,373	386
Medical College of Georgia Hospitals and Clinics	32,273	32,273	32,273	0
Office of Minority Business Enterprises	860	860	859	1
Public Libraries	40,478	46,410	45,493	917
Public Service / Special Funding Initiatives	32,418	32,418	32,288	130
Regents Central Office	7,984	8,101	7,946	155
Research Consortium	26,400	26,925	26,909	16
Skidaway Institute of Oceanography	7,292	7,292	6,953	339
Student Education Enrichment Program	308	308	308	0
Teaching	4,176,524	4,613,947	4,153,749	460,198
Veterinary Medicine Experiment Station	3,250	3,250	3,250	0
Veterinary Medicine Teaching Hospital	7,190	12,000	10,162	1,838
Payments to the Georgia Cancer Coalition	9,983	9,982	9,982	0
Payments to Georgia Military College	2,660	2,660	2,660	0
Public Telecommunications Commission, Georgia	31,247	31,247	17,023	14,224
<b>Total Regents, University System of Georgia</b>	<b>\$ 4,682,958</b>	<b>\$ 5,161,664</b>	<b>\$ 4,669,324</b>	<b>\$ 492,340</b>
<b>Section 40: Revenue, Department of</b>				
Administration	\$ 4,054	\$ 4,459	\$ 4,431	\$ 28
Customer Service	12,819	15,105	15,045	60
Homeowner Tax Relief Grants (HTRG)	432,291	425,290	423,075	2,215
Industry Regulation	4,647	5,470	5,466	4
Local Tax Officials Retirement and FICA	3,785	3,785	3,785	0
Revenue Processing	41,022	46,083	44,933	1,150
Salvage Inspection	1,581	1,627	1,596	31
State Board of Equalization	5	5	0	5
Tag and Title Registration	23,194	23,557	23,483	74
Tax Compliance	32,419	39,883	38,654	1,229
<b>Total Revenue, Department of</b>	<b>\$ 555,817</b>	<b>\$ 565,264</b>	<b>\$ 560,468</b>	<b>\$ 4,796</b>
<b>Section 41: Secretary of State</b>				
Administration	\$ 4,913	\$ 5,215	\$ 5,120	\$ 95
Archives	6,481	6,868	6,665	203
Capitol Tours	156	174	155	19
Corporations	1,937	2,137	2,135	2
Elections	5,180	5,695	5,470	225
Professional Licensing Boards	11,504	11,760	11,161	599
Securities	2,090	2,456	2,359	97
Georgia Commission on the Holocaust	278	381	377	4
Georgia Drugs and Narcotics Agency	1,363	1,438	1,380	58
Georgia Real Estate Commission	3,253	3,421	3,071	350
State Ethics Commission	1,607	1,643	1,618	25
<b>Total Secretary of State</b>	<b>\$ 38,762</b>	<b>\$ 41,188</b>	<b>\$ 39,511</b>	<b>\$ 1,677</b>

(continued)

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
<b>Section 42: Soil and Water Conservation Commission</b>				
Administration	\$ 600	\$ 600	\$ 599	\$ 1
Conservation of Agricultural Water Supplies	7,764	7,145	7,144	1
Conservation of Soil and Water Resources	2,017	3,394	3,389	5
USDA Flood Control Watershed Structures	105	105	105	0
Water Resources and Land Use Planning	957	957	957	0
<b>Total Soil and Water Conservation Commission</b>	<b>\$ 11,443</b>	<b>\$ 12,201</b>	<b>\$ 12,194</b>	<b>\$ 7</b>
<b>Section 43: Student Finance Commission and Authority, Georgia</b>				
Accel	\$ 6,000	\$ 6,000	\$ 3,866	\$ 2,134
Engineer Scholarship	760	760	663	97
Georgia Military College Scholarship	771	1,084	1,067	17
Governor's Scholarship Program	2,329	2,329	2,329	0
Guaranteed Educational Loans	4,080	4,080	4,080	0
HERO Scholarship	200	481	481	0
HOPE Administration	5,228	6,069	6,069	0
HOPE GED	2,462	2,462	2,073	389
HOPE Grant	122,784	118,648	96,148	22,500
HOPE Scholarships - Private Schools	45,652	45,652	39,227	6,425
HOPE Scholarships - Public Schools	344,501	340,678	312,875	27,803
Law Enforcement Dependents Grant	51	51	51	0
Leveraging Educational Assistance Partnership Program (LEAP)	1,487	1,489	1,489	0
North Ga. Military Scholarship Grants	1,694	1,694	1,694	0
North Georgia ROTC Grants	433	470	470	0
Promise Scholarship	5,855	5,855	5,826	29
Public Memorial Safety Grant	256	256	231	25
Teacher Scholarship	5,333	5,333	3,685	1,648
Tuition Equalization Grants	33,015	33,015	33,015	0
Nonpublic Postsecondary Education Commission	671	694	676	18
<b>Total Student Finance Commission and Authority, Georgia</b>	<b>\$ 583,562</b>	<b>\$ 577,100</b>	<b>\$ 516,015</b>	<b>\$ 61,085</b>
<b>Section 44: Teachers' Retirement System</b>				
Local/Floor COLA	\$ 3,903	\$ 1,760	\$ 1,497	\$ 263
System Administration	22,039	24,277	23,056	1,221
<b>Total Teachers' Retirement System</b>	<b>\$ 25,942</b>	<b>\$ 26,037</b>	<b>\$ 24,553</b>	<b>\$ 1,484</b>
<b>Section 45: Technical Education, Department of</b>				
Administration	\$ 11,244	\$ 16,022	\$ 15,897	\$ 125
Adult Literacy	20,243	33,899	32,791	1,108
Economic Development (Quick Start)	12,614	23,591	21,181	2,410
Technical Education	368,434	511,922	479,498	32,424
<b>Total Technical Education, Department of</b>	<b>\$ 412,535</b>	<b>\$ 585,434</b>	<b>\$ 549,367</b>	<b>\$ 36,067</b>
<b>Section 46: Transportation, Department of</b>				
Administration	\$ 69,680	\$ 98,899	\$ 96,101	\$ 2,798
Air Transportation	2,153	2,392	2,288	104
Airport Aid	12,621	19,556	19,368	188
Data Collection, Compliance and Reporting	12,427	18,173	18,076	97
Local Road Assistance	220,693	413,803	411,337	2,466
Payments to State Road and Tollway Authority	46,999	46,999	46,999	0
Ports and Waterways	1,161	1,161	1,161	0
Rail	184	8,266	7,705	561
State Highway System Construction and Improvement	1,061,482	3,584,275	3,351,140	233,135
State Highway System Maintenance	334,648	939,396	931,686	7,710
State Highway System Operations	62,367	215,740	204,627	11,113
Transit	25,585	46,208	44,341	1,867
<b>Total Transportation, Department of</b>	<b>\$ 1,850,000</b>	<b>\$ 5,394,868</b>	<b>\$ 5,134,829</b>	<b>\$ 260,039</b>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Section 47: Veterans Service, Department of</b>				
Administration	\$ 746	\$ 664	\$ 638	\$ 26
Georgia Veterans Memorial Cemetery	406	6,885	6,276	609
Georgia War Veterans Nursing Home - Augusta	8,040	11,475	11,475	0
Georgia War Veterans Nursing Home - Milledgeville	18,593	21,028	21,009	19
Veterans Benefits	6,348	6,374	5,976	398
<b>Total Veterans Service, Department of</b>	<b>\$ 34,133</b>	<b>\$ 46,426</b>	<b>\$ 45,374</b>	<b>\$ 1,052</b>
<b>Section 48: Workers' Compensation, State Board of</b>				
Administration	\$ 6,319	\$ 6,536	\$ 4,213	\$ 2,323
Administer the Workers' Compensation Laws	9,901	10,145	10,142	3
<b>Total Workers' Compensation, State Board of</b>	<b>\$ 16,220</b>	<b>\$ 16,681</b>	<b>\$ 14,355</b>	<b>\$ 2,326</b>
<b>Section 49: General Obligation Debt Sinking Fund</b>				
General Obligation Bonds - Issued	\$ 719,350	\$ 769,548	\$ 811,622	\$ (42,074)
General Obligation Bonds - New	148,012	97,815	141,513	(43,698)
<b>Total General Obligation Debt Sinking Fund</b>	<b>\$ 867,362</b>	<b>\$ 867,363</b>	<b>\$ 953,135</b>	<b>\$ (85,772)</b>
 Total Expenditures	 \$ 34,575,182	 \$ 42,949,045	 \$ 39,430,811	 \$ 3,518,234
 Excess of Funds Available over Expenditures			 \$ 1,138,286	 \$ 1,138,286

# State of Georgia

## **Required Supplementary Information** **Budgetary Comparison Schedule** **Budget-To-GAAP Reconciliation** **For the Fiscal Year Ended June 30, 2007** (expressed in thousands)

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 40,569,097
Differences - budget to GAAP:	
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	20,002,035
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(5,527,354)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(1,695,911)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(794,121)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting.	(1,961,974)
Accrual of taxpayer assessed receivables and revenues .	369,637
Proceeds from the sale of land and equipment are budgetary resources but are regarded as other financing sources under GAAP	
State appropriation revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(19,166,614)
Some federal financial assistance is reported as revenue when received in the Budget Fund, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes.	(579)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(328,415)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(63,252)
Revenue reported for nonbudgetary food stamp program.	1,116,719
Revenue reported for nonbudgetary donated commodities.	40,503
Other net accrued receivables and revenues.	<u>(258,939)</u>
Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 32,300,832</u>

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 39,430,811
Differences - budget to GAAP:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	68,359
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(7,761,524)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,055,193)
Encumbrances for supplies and equipment ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the supplies and equipment are received.	(2,001,097)
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(328,415)
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(769,733)
Change in expenditure accrual for nonbudgetary Medicaid claims	(121,800)
Expenditures reported for nonbudgetary food stamp program.	1,116,719
Expenditures reported for nonbudgetary donated commodities.	74,545
Accrual of teacher salaries not included in current budget year.	105,269
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	777
Other net accrued liabilities and expenditures.	<u>(286,964)</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>28,471,754</u></u>

# State of Georgia

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## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### Budgetary Process

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report, as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph IV, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient unappropriated surplus is available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through the Office of Planning and Budget, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit quarterly allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate "Budgetary Compliance Report" is published each year to demonstrate compliance at the legal level of budgetary control.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

### Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

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COMBINING AND INDIVIDUAL  
FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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# State of Georgia

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## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions as described below:

**Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia.

**Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden in promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program.

**State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Authority issues bonded debt which finances State transportation infrastructure construction. Funding of the debt service is achieved through the remittance of motor fuel tax and/or federal funds from the Department of Transportation (general fund).

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Hospital)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of self-liquidating projects on property owned by the authority. These projects include hospitals, health care facilities, dormitories and housing accommodations for patients, officers and employees of institutions controlled by state agencies. As of June 30, 2007, the assets of the Authority were transferred to the Georgia State Financing and Investment Commission.

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

**Georgia Building Authority (Penal)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of buildings, facilities, equipment and services for the State penal system. As of June 30, 2007, the assets of the Authority were transferred to the Georgia State Financing and Investment Commission.

**Georgia Education Authority (University)** accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia.

# State of Georgia

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## Nonmajor Governmental Funds

### PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

# State of Georgia

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2007

(expressed in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority	Debt Service
<b>Assets</b>				
Cash and Cash Equivalents	\$ 424	\$ 217	\$ 437,502	\$ —
Investments	—	—	71,310	—
Accounts Receivable	—	—	277	—
Due From Other Funds	407	—	—	—
Prepaid Items	—	—	15	—
Restricted Assets				
Cash and Cash Equivalents	—	—	40,574	—
Investments	—	—	1,569	—
<b>Total Assets</b>	<b>\$ 831</b>	<b>\$ 217</b>	<b>\$ 551,247</b>	<b>\$ 0</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable and Other Accruals	\$ —	\$ —	\$ 227	\$ —
Due to Other Funds	—	—	319,287	—
Commercial Paper Payable	—	—	45,000	—
Other Liabilities	—	—	196	—
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 364,710</b>	<b>\$ 0</b>
<b>Fund Balances:</b>				
Reserved for Georgia Academy for the Blind	\$ —	\$ —	\$ —	\$ —
Unreserved, Undesignated	831	217	186,537	—
<b>Total Fund Balances</b>	<b>\$ 831</b>	<b>\$ 217</b>	<b>\$ 186,537</b>	<b>\$ 0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 831</b>	<b>\$ 217</b>	<b>\$ 551,247</b>	<b>\$ 0</b>

Capital Projects

Georgia Building Authority (Hospital)	Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ —	\$ 33	\$ —	\$ 2,793	\$ 14	\$ 440,983
—	6	—	477	—	71,793
—	—	—	—	—	277
—	—	—	—	—	407
—	—	—	—	—	15
—	—	—	—	—	40,574
—	—	—	—	—	1,569
<u>\$ 0</u>	<u>\$ 39</u>	<u>\$ 0</u>	<u>\$ 3,270</u>	<u>\$ 14</u>	<u>\$ 555,618</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 227
—	—	—	—	—	319,287
—	—	—	—	—	45,000
—	—	—	—	—	196
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 364,710</u>
\$ —	\$ —	\$ —	\$ —	\$ 14	\$ 14
—	39	—	3,270	—	190,894
<u>\$ 0</u>	<u>\$ 39</u>	<u>\$ 0</u>	<u>\$ 3,270</u>	<u>\$ 14</u>	<u>\$ 190,908</u>
<u>\$ 0</u>	<u>\$ 39</u>	<u>\$ 0</u>	<u>\$ 3,270</u>	<u>\$ 14</u>	<u>\$ 555,618</u>

# State of Georgia

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Special Revenue			
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority	Debt Service
Revenues:				
Intergovernmental - Other	\$ —	\$ —	\$ 244	\$ —
Sales and Services	109	4	—	—
Interest and Other Investment Income	10	20	27,949	—
Rents and Royalties	—	—	—	—
Contributions and Donations	194	54	—	—
Other	—	—	141	—
Total Revenues	\$ 313	\$ 78	\$ 28,334	\$ 0
Expenditures:				
General Government	\$ —	\$ —	\$ —	\$ —
Education	—	—	—	—
Transportation	—	—	7,116	—
Economic Development and Assistance	904	1,098	—	—
Capital Outlay	—	—	—	—
Debt Service				
Principal	—	—	47,955	631,185
Interest	—	—	48,748	360,755
Accrued Interest on Bonds Retired in Advance	—	—	—	128
Discount on Bonds Retired in Advance	—	—	—	(13,600)
Other Debt Service Expenditures	—	—	—	218
Total Expenditures	\$ 904	\$ 1,098	\$ 103,819	\$ 978,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (591)	\$ (1,020)	\$ (75,485)	\$ (978,686)
Other Financing Sources (Uses):				
Debt Issuance - Refunding Bonds	\$ —	\$ —	\$ —	\$ 213,720
Debt Issuance - Revenue Bonds	—	—	450,000	—
Debt Issuance - Refunding Bonds - Premium	—	—	—	18,922
Debt Issuance - Revenue Bonds - Premium	—	—	19,967	—
Debt Issuance - Refunding Bonds - Accrued Interest	—	—	—	742
Payment to Refunded Bond Escrow Agent	—	—	—	(235,516)
Operating Transfers In	424	1,016	93,823	980,818
Operating Transfers Out	—	—	(410,245)	—
Net Other Financing Sources (Uses)	\$ 424	\$ 1,016	\$ 153,545	\$ 978,686
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (167)	\$ (4)	\$ 78,060	\$ 0
Fund Balances, July 1	998	221	0	0
Adjustment for Blending of State Road and Tollway Authority	—	—	108,477	—
Fund Balances, June 30	\$ 831	\$ 217	\$ 186,537	\$ 0

Capital Projects					
Georgia Building Authority (Hospital)	Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ —	\$ —	\$ —	\$ —	\$ —	244
—	—	—	—	—	113
—	2	—	297	1	28,279
—	—	—	76	—	76
—	—	—	—	—	248
—	—	—	—	—	141
\$ 0	\$ 2	\$ 0	\$ 373	\$ 1	\$ 29,101
\$ —	\$ 7	\$ —	\$ 6	\$ —	13
—	—	—	—	1	1
—	—	—	—	—	7,116
—	—	—	—	—	2,002
—	29	—	—	—	29
—	—	—	76	—	679,216
—	—	—	129	—	409,632
—	—	—	—	—	128
—	—	—	—	—	(13,600)
—	—	—	—	—	218
\$ 0	\$ 36	\$ 0	\$ 211	\$ 1	\$ 1,084,755
\$ 0	\$ (34)	\$ 0	\$ 162	\$ 0	\$ (1,055,654)
\$ —	\$ —	\$ —	\$ —	\$ —	213,720
—	—	—	—	—	450,000
—	—	—	—	—	18,922
—	—	—	—	—	19,967
—	—	—	—	—	742
—	—	—	—	—	(235,516)
—	—	—	—	—	1,076,081
(4,130)	—	(1,955)	—	—	(416,330)
\$ (4,130)	\$ 0	\$ (1,955)	\$ 0	\$ 0	\$ 1,127,586
\$ (4,130)	\$ (34)	\$ (1,955)	\$ 162	\$ 0	\$ 71,932
4,130	73	1,955	3,108	14	10,499
—	—	—	—	—	108,477
\$ 0	\$ 39	\$ 0	\$ 3,270	\$ 14	\$ 190,908

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## INTERNAL SERVICE FUNDS

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# State of Georgia

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## Internal Service Funds

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, printing, motor pool and building space management.

The **Georgia Building Authority** is primarily responsible for constructing and maintaining State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Merit System of Personnel Administration** provides a career service to the classified employees in the executive branch based on the principles of merit, equal opportunity and freedom from political influence.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

## Internal Service Funds

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

June 30, 2007

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration	Merit System of Personnel Administration
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 4,744	\$ 11,080	\$ 16,738	\$ 3,320
Investments	79	1,989	1,549	—
Accounts Receivable (Net of Allowances for Uncollectibles)	70	1,378	2,140	3,307
Due from Other Funds	—	—	—	—
Due from Component Units	—	—	—	—
Intergovernmental Receivables	—	—	—	—
Inventories	—	437	7,534	—
Prepaid Items	83	191	25	—
<b>Noncurrent Assets:</b>				
Investments	—	—	—	—
<b>Capital Assets:</b>				
Land	—	21,455	44	—
Buildings and Building Improvements	339	384,824	11,534	—
Improvements Other Than Buildings	—	5,160	—	—
Machinery and Equipment	2,596	3,029	17,875	715
Software	—	—	—	—
Works of Art and Collections	—	1,240	—	—
Accumulated Depreciation	(2,342)	(148,351)	(22,162)	(704)
<b>Total Assets</b>	<b>\$ 5,569</b>	<b>\$ 282,432</b>	<b>\$ 35,277</b>	<b>\$ 6,638</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 674	\$ 3,249	\$ 171	\$ 707
Due to Other Funds	8	17	5	—
Salaries/Withholdings Payable	2	13	—	10
Funds Held for Others	—	—	—	2
Unearned Revenue	134	—	—	—
Customer Deposits	6	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	614	980	286	324
Capital Leases Payable - Current	—	—	—	—
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	850	—	578	499
Capital Leases Payable	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 2,288</b>	<b>\$ 4,259</b>	<b>\$ 1,040</b>	<b>\$ 1,542</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 593	\$ 267,357	\$ 7,291	\$ 11
<b>Restricted for:</b>				
Distance Learning and Telemedicine	—	—	—	—
Surplus Property Working Capital	2,355	—	—	—
Unrestricted	333	10,816	26,946	5,085
<b>Total Net Assets</b>	<b>\$ 3,281</b>	<b>\$ 278,173</b>	<b>\$ 34,237</b>	<b>\$ 5,096</b>

Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ 89	\$ 68,793	\$ 66,942	\$ 171,706
—	19,465	8,866	31,948
2	18,610	5,419	30,926
—	165,675	16,803	182,478
—	—	198	198
—	—	73	73
—	—	631	8,602
—	—	771	1,070
—	133,097	—	133,097
—	—	31	21,530
—	—	1,020	397,717
—	—	—	5,160
586	—	91,668	116,469
—	—	58,094	58,094
—	—	—	1,240
(580)	—	(108,094)	(282,233)
\$ 97	\$ 405,640	\$ 142,422	\$ 878,075
\$ 279	\$ 165	\$ 9,465	\$ 14,710
—	—	738	768
—	4	—	29
—	—	—	2
—	—	213	347
—	—	—	6
—	342,358	—	342,358
—	—	1,832	4,036
—	—	2,337	2,337
—	—	2,672	4,599
—	—	2,623	2,623
\$ 279	\$ 342,527	\$ 19,880	\$ 371,815
\$ 6	\$ —	\$ 37,759	\$ 313,017
—	—	814	814
—	—	—	2,355
(188)	63,113	83,969	190,074
\$ (182)	\$ 63,113	\$ 122,542	\$ 506,260

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	\$ —	\$ —	\$ —
Rents and Royalties	—	45,342	—
Sales and Services	5,766	6,747	25,959
Other	279	179	—
Total Operating Revenues	\$ 6,045	\$ 52,268	\$ 25,959
Operating Expenses:			
Personal Services	\$ 2,836	\$ 11,213	\$ 7,574
Services and Supplies	2,972	39,531	17,885
Claims and Judgments	—	—	—
Depreciation	246	12,999	1,884
Total Operating Expenses	\$ 6,054	\$ 63,743	\$ 27,343
Operating Income (Loss)	\$ (9)	\$ (11,475)	\$ (1,384)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	\$ 174	\$ 1,078	\$ 938
Interest Expense	—	—	—
Other	(48)	(940)	309
Total Nonoperating Revenues (Expenses)	\$ 126	\$ 138	\$ 1,247
Income (Loss) Before Contributions and Transfers	\$ 117	\$ (11,337)	\$ (137)
Capital Contributions	\$ —	\$ 3,055	\$ —
Transfers:			
Transfers In	\$ 18	\$ 25,704	\$ —
Transfers Out	—	(8,792)	—
Net Transfers	\$ 18	\$ 16,912	\$ 0
Change in Net Assets	\$ 135	\$ 8,630	\$ (137)
Net Assets, July 1	2,016	269,543	34,374
Adjustments	1,130	—	—
Net Assets, June 30	\$ 3,281	\$ 278,173	\$ 34,237

<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management (see combining)</u>	<u>Technology Authority, Georgia</u>	<u>Total</u>
\$ —	\$ —	\$ 84,649	\$ —	\$ 84,649
—	—	—	—	45,342
16,172	—	—	173,454	228,098
—	—	79	—	537
<u>16,172</u>	<u>0</u>	<u>84,728</u>	<u>173,454</u>	<u>358,626</u>
\$ 8,384	\$ —	\$ 1,818	\$ 47,013	\$ 78,838
6,784	4	26,217	124,685	218,078
—	—	76,715	—	76,715
12	2	—	12,018	27,161
<u>15,180</u>	<u>6</u>	<u>104,750</u>	<u>183,716</u>	<u>400,792</u>
<u>992</u>	<u>(6)</u>	<u>(20,022)</u>	<u>(10,262)</u>	<u>(42,166)</u>
\$ —	\$ —	\$ 15,794	\$ 3,614	\$ 21,598
—	—	—	(252)	(252)
—	—	12,720	2,283	14,324
<u>0</u>	<u>0</u>	<u>28,514</u>	<u>5,645</u>	<u>35,670</u>
<u>992</u>	<u>(6)</u>	<u>8,492</u>	<u>(4,617)</u>	<u>(6,496)</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,055</u>
\$ —	\$ 85	\$ —	\$ 4,397	\$ 30,204
—	—	—	(1,472)	(10,264)
<u>0</u>	<u>85</u>	<u>0</u>	<u>2,925</u>	<u>19,940</u>
992	79	8,492	(1,692)	16,499
4,104	(261)	54,621	0	364,397
—	—	—	124,234	125,364
<u>5,096</u>	<u>(182)</u>	<u>63,113</u>	<u>122,542</u>	<u>506,260</u>

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 5,673	\$ 51,689
Cash Received from Required Contributions/Premiums	—	—
Cash Paid to Vendors	(2,699)	(39,610)
Cash Paid to Employees	(2,500)	(11,317)
Cash Paid for Claims and Judgments	—	—
Other Operating Items	—	—
Net Cash Provided by (Used in) Operating Activities	\$ 474	\$ 762
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	\$ 18	\$ —
Transfers to Other Funds	—	(8,792)
Other Noncapital Items (Net)	1,130	—
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ 1,148	\$ (8,792)
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	\$ —	\$ 1,487
Proceeds from Sale of Capital Assets	—	—
Acquisition and Construction of Capital Assets	(518)	(5,164)
Principal Paid on Capital Debt	—	—
Interest Paid on Capital Debt	—	—
Net Cash Used in Capital and Related Financing Activities	\$ (518)	\$ (3,677)
Cash Flows from Investing Activities:		
Sale (Purchase) of Investments (Net)	\$ 250	\$ 5,622
Interest and Dividends Received	174	1,078
Net Cash Provided by Investing Activities	\$ 424	\$ 6,700
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,528	\$ (5,007)
Cash and Cash Equivalents, July 1	3,216	16,087
Cash and Cash Equivalents, June 30	\$ 4,744	\$ 11,080

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management (see combining)</u>	<u>Technology Authority, Georgia</u>	<u>Total</u>
\$ 25,414	\$ 15,071	\$ —	\$ —	\$ 172,738	\$ 270,585
—	—	—	41,460	—	41,460
(18,555)	(6,356)	—	(26,740)	(117,378)	(211,338)
(7,447)	(8,225)	—	(1,817)	(46,308)	(77,614)
—	—	—	(107,605)	—	(107,605)
—	2	—	79	—	81
<u>\$ (588)</u>	<u>\$ 492</u>	<u>\$ 0</u>	<u>\$ (94,623)</u>	<u>\$ 9,052</u>	<u>\$ (84,431)</u>
\$ —	\$ —	\$ 85	\$ —	\$ 4,397	\$ 4,500
—	—	—	—	(1,472)	(10,264)
299	—	—	12,720	56,927	71,076
<u>\$ 299</u>	<u>\$ 0</u>	<u>\$ 85</u>	<u>\$ 12,720</u>	<u>\$ 59,852</u>	<u>\$ 65,312</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,487
15	—	—	—	—	15
(659)	—	—	—	(12,567)	(18,908)
—	—	—	—	(2,382)	(2,382)
—	—	—	—	(252)	(252)
<u>\$ (644)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,201)</u>	<u>\$ (20,040)</u>
\$ 1,966	\$ —	\$ —	\$ 95,346	\$ 9,625	\$ 112,809
938	—	—	11,603	3,614	17,407
<u>\$ 2,904</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,949</u>	<u>\$ 13,239</u>	<u>\$ 130,216</u>
\$ 1,971	\$ 492	\$ 85	\$ 25,046	\$ 66,942	\$ 91,057
14,767	2,828	4	43,747	0	80,649
<u>\$ 16,738</u>	<u>\$ 3,320</u>	<u>\$ 89</u>	<u>\$ 68,793</u>	<u>\$ 66,942</u>	<u>\$ 171,706</u>

(continued)

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Administrative Services, Department of	Building Authority, Georgia
Operating Income (Loss)	\$ (9)	\$ (11,475)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	246	12,999
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	140	(397)
Increase in Due from Other Funds	—	—
Increase in Due from Component Units	—	—
Increase in Intergovernmental Receivables	—	—
Decrease (Increase) in Inventories	42	49
Decrease (Increase) in Prepaid Items	36	(79)
Increase (Decrease) in Accounts Payable and Other Accruals	187	18
Increase (Decrease) in Due to Other Funds	8	(67)
Increase (Decrease) in Salaries/Withholdings Payable	1	(8)
Increase in Funds Held for Others	—	—
Increase (Decrease) in Unearned Revenue	(512)	(182)
Decrease in Claims and Judgments Payable	—	—
Increase (Decrease) in Compensated Absences Payable	335	(96)
Net Cash Provided by (Used in) Operating Activities	\$ <u>474</u>	\$ <u>762</u>
Noncash Investing, Capital, and Financing Activities:		
Acquisition of Capital Assets through Capital Leases	\$ —	\$ —
Donation of Capital Assets	—	27,272
Net Increase in Fair Value of Investments	—	—

Correctional Industries Administration	Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ (1,384)	\$ 992	\$ (6)	\$ (20,022)	\$ (10,262)	\$ (42,166)
1,884	12	2	—	12,018	27,161
(545)	(1,101)	4	(594)	1,995	(498)
—	—	—	(42,595)	(2,730)	(45,325)
—	—	—	—	(105)	(105)
—	—	—	—	(15)	(15)
(400)	—	—	—	(74)	(383)
(2)	—	—	—	(771)	(816)
(273)	428	—	(523)	8,069	7,906
5	—	—	—	83	29
—	10	—	1	(94)	(90)
—	2	—	—	—	2
—	—	—	—	139	(555)
—	—	—	(30,890)	—	(30,890)
127	149	—	—	799	1,314
<u>\$ (588)</u>	<u>\$ 492</u>	<u>\$ 0</u>	<u>\$ (94,623)</u>	<u>\$ 9,052</u>	<u>\$ (84,431)</u>
\$ —	\$ —	\$ —	\$ —	\$ 4,052	\$ 4,052
—	—	—	—	—	27,272
—	—	—	4,191	—	4,191

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

### Risk Management

June 30, 2007

(expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 46,579	\$ 7,598
Investments	13,179	2,150
Accounts Receivable (Net of Allowances for Uncollectibles)	—	128
Due From Other Funds	—	—
Noncurrent Assets:		
Investments	90,120	14,701
Total Assets	\$ 149,878	\$ 24,577
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable and Other Accruals	\$ 91	\$ 25
Salaries/Withholdings Payable	2	1
Claims and Judgments Payable	117,872	4,609
Total Liabilities	\$ 117,965	\$ 4,635
<b>Net Assets</b>		
Unrestricted	\$ 31,913	\$ 19,942

<u>State Indemnification Fund</u>	<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ 143	\$ 1,557	\$ 581	\$ 2,658	\$ 9,677	\$ 68,793
40	441	165	752	2,738	19,465
—	—	—	2	18,480	18,610
—	—	—	—	165,675	165,675
<u>275</u>	<u>3,012</u>	<u>1,124</u>	<u>5,142</u>	<u>18,723</u>	<u>133,097</u>
\$ <u>458</u>	\$ <u>5,010</u>	\$ <u>1,870</u>	\$ <u>8,554</u>	\$ <u>215,293</u>	\$ <u>405,640</u>
\$ 3	\$ —	\$ —	\$ 3	\$ 43	\$ 165
—	—	—	—	1	4
<u>816</u>	<u>—</u>	<u>—</u>	<u>3,812</u>	<u>215,249</u>	<u>342,358</u>
\$ <u>819</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,815</u>	\$ <u>215,293</u>	\$ <u>342,527</u>
\$ <u>(361)</u>	\$ <u>5,010</u>	\$ <u>1,870</u>	\$ <u>4,739</u>	\$ <u>0</u>	\$ <u>63,113</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Operating Revenues:			
Contributions/Premiums	\$ 1,946	\$ 12,842	\$ —
Other	72	3	—
Total Operating Revenues	\$ 2,018	\$ 12,845	\$ 0
Operating Expenses:			
Personal Services	\$ 422	\$ 464	\$ 25
Services and Supplies	6,119	13,058	56
Claims and Judgments	(1,417)	3,833	358
Total Operating Expenses	\$ 5,124	\$ 17,355	\$ 439
Operating Income (Loss)	\$ (3,106)	\$ (4,510)	\$ (439)
Nonoperating Revenues:			
Interest and Other Investment Income	\$ 9,479	\$ 1,458	\$ 46
Insurance Recoveries	—	1,343	—
Total Nonoperating Revenues	\$ 9,479	\$ 2,801	\$ 46
Change in Net Assets	\$ 6,373	\$ (1,709)	\$ (393)
Net Assets, July 1	25,540	21,651	32
Net Assets, June 30	\$ 31,913	\$ 19,942	\$ (361)

<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ —	\$ 222	\$ 11,406	\$ 58,233	\$ 84,649
—	—	—	4	79
\$ 0	\$ 222	\$ 11,406	\$ 58,237	\$ 84,728
\$ —	\$ —	\$ 16	\$ 891	\$ 1,818
8	2	126	6,848	26,217
16	—	8,007	65,918	76,715
\$ 24	\$ 2	\$ 8,149	\$ 73,657	\$ 104,750
\$ (24)	\$ 220	\$ 3,257	\$ (15,420)	\$ (20,022)
\$ 275	\$ 93	\$ 400	\$ 4,043	\$ 15,794
—	—	—	11,377	12,720
\$ 275	\$ 93	\$ 400	\$ 15,420	\$ 28,514
\$ 251	\$ 313	\$ 3,657	\$ 0	\$ 8,492
4,759	1,557	1,082	0	54,621
\$ 5,010	\$ 1,870	\$ 4,739	\$ 0	\$ 63,113

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
Cash Flows from Operating Activities:			
Cash Received from Required Contributions/Premiums	\$ 1,946	\$ 12,717	\$ —
Cash Paid to Vendors	(6,235)	(13,178)	(63)
Cash Paid to Employees	(420)	(464)	(25)
Cash Paid for Claims and Judgments	(26,869)	(7,014)	(381)
Other Operating Items	72	3	—
Net Cash Provided by (Used in) Operating Activities	\$ (31,506)	\$ (7,936)	\$ (469)
Cash Flows from Noncapital Financing Activities:			
Other Noncapital Items (Net)	\$ —	\$ 1,343	\$ —
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments (Net)	\$ 44,852	\$ 8,656	\$ 446
Interest and Dividends Received	7,067	1,034	32
Net Cash Provided by (Used in) Investing Activities	\$ 51,919	\$ 9,690	\$ 478
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 20,413	\$ 3,097	\$ 9
Cash and Cash Equivalents, July 1	26,166	4,501	134
Cash and Cash Equivalents, June 30	\$ 46,579	\$ 7,598	\$ 143
Operating Income (Loss)	\$ (3,106)	\$ (4,510)	\$ (439)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	—	(125)	—
Increase in Due From Other Funds	—	—	—
Decrease in Accounts Payable and Other Accruals	(116)	(120)	(7)
Increase (Decrease) in Salaries and Withholdings Payable	2	—	—
Increase (Decrease) in Claims and Judgments Payable	(28,286)	(3,181)	(23)
Net Cash Provided by (Used in) Operating Activities	\$ (31,506)	\$ (7,936)	\$ (469)
Noncash Investing Activities:			
Net Increase in Fair Value of Investments	\$ 2,412	\$ 424	\$ 14

<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ —	\$ 222	\$ 11,446	\$ 15,129	\$ 41,460
(8)	(2)	(127)	(7,127)	(26,740)
—	—	(16)	(892)	(1,817)
(16)	—	(7,519)	(65,806)	(107,605)
—	—	—	4	79
<u>(24)</u>	<u>220</u>	<u>3,784</u>	<u>(58,692)</u>	<u>(94,623)</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>11,377</u>	<u>12,720</u>
\$ 645	\$ 50	\$ (2,152)	\$ 42,849	\$ 95,346
212	74	362	2,822	11,603
<u>857</u>	<u>124</u>	<u>(1,790)</u>	<u>45,671</u>	<u>106,949</u>
\$ 833	\$ 344	\$ 1,994	\$ (1,644)	\$ 25,046
724	237	664	11,321	43,747
<u>1,557</u>	<u>581</u>	<u>2,658</u>	<u>9,677</u>	<u>68,793</u>
\$ (24)	\$ 220	\$ 3,257	\$ (15,420)	\$ (20,022)
—	—	40	(509)	(594)
—	—	—	(42,595)	(42,595)
—	—	(1)	(279)	(523)
—	—	—	(1)	1
—	—	488	112	(30,890)
<u>(24)</u>	<u>220</u>	<u>3,784</u>	<u>(58,692)</u>	<u>(94,623)</u>
\$ 63	\$ 19	\$ 38	\$ 1,221	\$ 4,191

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## FIDUCIARY FUNDS

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# State of Georgia

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## Fiduciary Funds

Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other postemployment benefit plans. The State's pension and other employee benefit trust funds are described below:

#### *Pension Trust Funds*

##### **Defined Benefit Pension Plans**

The **Class Nine Fire Department Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia. As of June 30, 2007, the assets of the Class Nine Fire Department Pension Fund were transferred to the Firefighters' Pension Fund.

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State of Georgia.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

# State of Georgia

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## Fiduciary Funds

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court Clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the superior court judges of the State of Georgia.

The **Teachers' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in the public schools and the University System of Georgia.

### **Deferred Compensation/Defined Contribution Pension Plans**

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of county health departments who elect to defer a portion of their annual salary until future years.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

### ***Other Employee Benefit Trust Funds***

#### **Other Postemployment Benefit Plans**

The **Georgia Retiree Health Benefit Fund** is used to account for the accumulation of resources for the purpose of providing health insurance benefits to eligible retirees and their qualified beneficiaries.

The **State Employees' Assurance Department – OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

#### **Other Employee Benefit Plan**

The **State Employees' Assurance Department** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems.

## INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

**Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

## Fiduciary Funds

### PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

### AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

**County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

**Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

## Fiduciary Funds

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

**Sales Tax Collections for Local Governments** consist of the **Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, and Special Purpose Local Option Sales Tax**. These funds are used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on all residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds June 30, 2007 (expressed in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plans	Defined Contribution Plan
<b>Assets</b>			
Cash and Cash Equivalents	\$ 33,377	\$ 1,269	\$ 361
Receivables			
Interest and Dividends	334,878	29	145
Due from Brokers for Securities Sold	290,087	—	5
Other	264,806	2,364	1,163
Due from Other Funds	—	—	—
Investments			
Investment Accounts	87	—	—
Pooled Investments	15,380,681	43	52,591
Mutual Funds	374,535	953,540	—
Repurchase Agreements	2,626,256	—	11,515
Municipal, U. S. and Foreign Government Obligations	15,449,783	—	14,966
Corporate Bonds/Notes/Debentures	2,000,497	—	—
Stocks	33,375,811	—	—
Asset-Backed Securities	13,254	—	—
Mortgage Investments	61,023	—	—
Real Estate Investment Trusts	1,466	—	—
Capital Assets			
Land	2,071	—	—
Buildings	7,440	—	—
Software	29,247	—	—
Machinery and Equipment	2,566	—	—
Accumulated Depreciation	(13,683)	—	—
<b>Total Assets</b>	<b>\$ 70,234,182</b>	<b>\$ 957,245</b>	<b>\$ 80,746</b>
<b>Liabilities</b>			
Accounts Payable and Other Accruals	\$ 112,983	\$ 400	\$ 87
Due to Other Funds	1,408	—	—
Due to Brokers for Securities Purchased	105,340	—	—
Salaries/Withholdings Payable	16,579	—	5
Notes Payable	27	—	—
Unearned Revenue	23	—	—
Compensated Absences Payable	57	—	—
<b>Total Liabilities</b>	<b>\$ 236,417</b>	<b>\$ 400</b>	<b>\$ 92</b>
<b>Net Assets</b>			
Held in Trust for:			
Pension Benefits	\$ 69,997,765	\$ 956,845	\$ 80,654
Other Employee Benefits	—	—	—
<b>Total Net Assets</b>	<b>\$ 69,997,765</b>	<b>\$ 956,845</b>	<b>\$ 80,654</b>

Other Employee Benefits			
Other Postemployment Benefits			
Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	Total
\$ 47,574	\$ —	\$ 203	\$ 82,784
—	—	—	335,052
—	—	—	290,092
—	778,048	—	1,046,381
—	—	1,373	1,373
—	—	—	87
—	—	1,052,142	16,485,457
—	—	—	1,328,075
—	—	—	2,637,771
—	—	—	15,464,749
—	—	—	2,000,497
—	—	—	33,375,811
—	—	—	13,254
—	—	—	61,023
—	—	—	1,466
—	—	—	2,071
—	—	—	7,440
—	—	—	29,247
—	—	—	2,566
—	—	—	(13,683)
\$ 47,574	\$ 778,048	\$ 1,053,718	\$ 73,151,513
\$ 47,574	\$ —	\$ 868,383	\$ 1,029,427
—	—	—	1,408
—	—	—	105,340
—	—	—	16,584
—	—	—	27
—	—	—	23
—	—	—	57
\$ 47,574	\$ 0	\$ 868,383	\$ 1,152,866
\$ —	\$ —	\$ —	\$ 71,035,264
0	778,048	185,335	963,383
\$ 0	\$ 778,048	\$ 185,335	\$ 71,998,647

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plans
<b>Additions:</b>		
Contributions		
Employer	\$ 1,206,365	\$ 14,774
Plan Members	585,986	63,072
Other Contributions		
Fines and Bond Forfeitures	21,592	—
Insurance Company Premium Taxes	22,538	—
Insurance Premiums	—	—
Other Fees	4,314	—
Interest and Other Investment Income		
Dividends and Interest	1,951,380	57,388
Net Appreciation (Depreciation) in		
Investments Reported at Fair Value	7,115,492	56,678
Less: Investment Expense	(71,513)	(1,716)
Other		
Transfers from Other Funds	97,368	—
Transfers to Other Funds	(3,939)	—
Miscellaneous	1,328	1,211
<b>Total Additions</b>	<b>\$ 10,930,911</b>	<b>\$ 191,407</b>
<b>Deductions:</b>		
General and Administrative Expenses	\$ 40,094	\$ 1,972
Benefits	3,321,800	79,348
Refunds	61,243	—
<b>Total Deductions</b>	<b>\$ 3,423,137</b>	<b>\$ 81,320</b>
<b>Change in Net Assets Held in Trust for</b>		
Pension and Other Employee Benefits	\$ 7,507,774	\$ 110,087
<b>Net Assets, July 1</b>	<b>62,489,991</b>	<b>846,758</b>
<b>Net Assets, June 30</b>	<b>\$ 69,997,765</b>	<b>\$ 956,845</b>

Other Employee Benefits				
Defined Contribution Plan	Other Postemployment Benefits			Total
	Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	
\$ —	\$ 422,157	\$ —	\$ —	\$ 1,643,296
15,060	—	—	—	664,118
—	—	—	—	21,592
—	—	—	—	22,538
—	—	—	9,107	9,107
—	—	—	—	4,314
2,653	—	—	29,321	2,040,742
5,372	—	—	107,707	7,285,249
(87)	—	—	(916)	(74,232)
—	—	778,048	—	875,416
—	—	—	(868,381)	(872,320)
—	—	—	—	2,539
<u>\$ 22,998</u>	<u>\$ 422,157</u>	<u>\$ 778,048</u>	<u>\$ (723,162)</u>	<u>\$ 11,622,359</u>
\$ 310	\$ 25,843	\$ —	\$ 225	\$ 68,444
—	396,314	—	25,223	3,822,685
<u>12,464</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>73,707</u>
<u>\$ 12,774</u>	<u>\$ 422,157</u>	<u>\$ 0</u>	<u>\$ 25,448</u>	<u>\$ 3,964,836</u>
\$ 10,224	\$ 0	\$ 778,048	\$ (748,610)	\$ 7,657,523
<u>70,430</u>	<u>0</u>	<u>0</u>	<u>933,945</u>	<u>64,341,124</u>
<u>\$ 80,654</u>	<u>\$ 0</u>	<u>\$ 778,048</u>	<u>\$ 185,335</u>	<u>\$ 71,998,647</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2007 (expressed in thousands)

	Class Nine Fire Department Pension Fund	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Assets</b>							
Cash and Cash Equivalents	\$ —	\$ 3	\$ 15,637	\$ —	\$ 410	\$ 18	\$ 31
Receivables							
Interest and Dividends	—	—	79,146	1,786	—	—	—
Due from Brokers for Securities Sold	—	—	80,197	9,179	—	—	944
Other	—	—	112,231	—	—	—	—
Investments							
Investment Accounts	—	—	—	—	—	—	—
Pooled Investments	—	—	14,097,407	—	304,989	4,318	—
Mutual Funds	—	—	—	153,443	—	—	4,165
Repurchase Agreements	—	—	—	—	—	—	—
Municipal, U. S. and Foreign Government Obligations	—	—	—	48,037	—	—	8,348
Corporate Bonds/Notes/Debentures	—	—	—	83,800	—	—	6,111
Stocks	—	—	—	313,872	—	—	42,145
Asset-Backed Securities	—	—	—	2,555	—	—	1,416
Mortgage Investments	—	—	—	59,773	—	—	1,250
Real Estate Investment Trusts	—	—	—	671	—	—	238
Capital Assets							
Land	—	—	944	85	—	—	—
Buildings	—	—	2,800	1,535	—	—	—
Software	—	—	14,267	—	—	—	—
Machinery and Equipment	—	—	803	74	—	—	—
Accumulated Depreciation	—	—	(3,474)	(77)	—	—	—
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 3</b>	<b>\$ 14,399,958</b>	<b>\$ 674,733</b>	<b>\$ 305,399</b>	<b>\$ 4,336</b>	<b>\$ 64,648</b>
<b>Liabilities</b>							
Cash Overdraft	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Accounts Payable and Other Accruals	—	—	3,603	1,617	230	—	—
Due to Other Funds	—	—	1,366	—	18	—	—
Due to Brokers for Securities Purchased	—	—	17,143	22,366	—	—	574
Salaries/Withholdings Payable	—	1	15,399	—	161	—	—
Notes Payable	—	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	16	—	—
Compensated Absences Payable	—	—	—	35	—	—	—
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 37,511</b>	<b>\$ 24,019</b>	<b>\$ 425</b>	<b>\$ 0</b>	<b>\$ 574</b>
<b>Net Assets</b>							
Held in Trust for Pension Benefits	<b>\$ 0</b>	<b>\$ 2</b>	<b>\$ 14,362,447</b>	<b>\$ 650,714</b>	<b>\$ 304,974</b>	<b>\$ 4,336</b>	<b>\$ 64,074</b>

Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
\$ 65	\$ 1,369	\$ 6,293	\$ 347	\$ 33	\$ 524	\$ 111	\$ 8,537	\$ 33,378
—	—	96	—	302	528	—	253,020	334,878
—	—	151	—	—	—	—	199,616	290,087
1	—	—	27	—	326	—	152,221	264,806
—	—	—	—	87	—	—	—	87
31,078	—	89,329	811,859	3,972	36,283	1,446	—	15,380,681
—	—	214,743	—	2,184	—	—	—	374,535
—	—	—	—	—	—	—	2,626,256	2,626,256
—	—	94,288	—	14,701	38,404	—	15,246,005	15,449,783
—	—	33,387	—	8,034	—	—	1,869,165	2,000,497
—	—	47,597	—	43,827	—	—	32,928,370	33,375,811
—	—	9,283	—	—	—	—	—	13,254
—	—	—	—	—	—	—	—	61,023
—	—	557	—	—	—	—	—	1,466
—	—	98	—	—	—	—	944	2,071
—	—	305	—	—	—	—	2,800	7,440
—	—	—	—	—	—	—	14,980	29,247
—	—	147	—	—	—	—	1,542	2,566
—	—	(279)	—	—	—	—	(9,853)	(13,683)
\$ 31,144	\$ 1,369	\$ 495,995	\$ 812,233	\$ 73,140	\$ 76,065	\$ 1,557	\$ 53,293,603	\$ 70,234,183
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
—	—	—	30	—	15	30	107,458	112,983
5	—	—	—	—	—	—	19	1,408
—	—	12,644	—	—	—	—	52,613	105,340
18	—	—	554	—	—	35	411	16,579
—	—	27	—	—	—	—	—	27
—	—	—	—	—	7	—	—	23
—	—	—	—	22	—	—	—	57
\$ 23	\$ 0	\$ 12,671	\$ 584	\$ 22	\$ 22	\$ 65	\$ 160,501	\$ 236,418
\$ 31,121	\$ 1,369	\$ 483,324	\$ 811,649	\$ 73,118	\$ 76,043	\$ 1,492	\$ 53,133,102	\$ 69,997,765

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Class Nine Fire Department Pension Fund	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Additions:</b>							
Contributions							
Employer	\$ —	\$ 89	\$ 270,135	\$ —	\$ 1,778	\$ —	\$ —
Plan Members	—	—	49,250	2,257	4,040	—	163
Other Contributions							
Fines and Bond Forfeitures	—	—	—	—	—	—	592
Insurance Company Premium Taxes	—	—	—	22,538	—	—	—
Other Fees	—	—	—	—	—	—	649
Interest and Other Investment Income							
Dividends and Interest	—	—	403,282	15,771	8,471	108	1,887
Net Appreciation (Depreciation) in Investments Reported at Fair Value	—	—	1,480,386	76,350	31,118	398	6,119
Less: Investment Expense	—	—	(14,555)	(3,848)	(265)	(3)	(419)
Other							
Transfers from Other Funds	—	—	90,339	3,939	—	1,005	—
Transfers to Other Funds	(3,939)	—	—	—	—	—	—
Miscellaneous	—	—	—	925	175	—	2
<b>Total Additions</b>	<b>\$ (3,939)</b>	<b>\$ 89</b>	<b>\$ 2,278,837</b>	<b>\$ 117,932</b>	<b>\$ 45,317</b>	<b>\$ 1,508</b>	<b>\$ 8,993</b>
<b>Deductions:</b>							
General and Administrative Expenses	\$ —	\$ —	\$ 14,901	\$ 1,134	\$ 175	\$ —	\$ 42
Benefits	—	87	928,654	23,950	9,299	225	2,378
Refunds	—	—	6,696	921	76	—	—
<b>Total Deductions</b>	<b>\$ 0</b>	<b>\$ 87</b>	<b>\$ 950,251</b>	<b>\$ 26,005</b>	<b>\$ 9,550</b>	<b>\$ 225</b>	<b>\$ 2,420</b>
<b>Change in Net Assets Held in Trust for Pension Benefits</b>	<b>\$ (3,939)</b>	<b>\$ 2</b>	<b>\$ 1,328,586</b>	<b>\$ 91,927</b>	<b>\$ 35,767</b>	<b>\$ 1,283</b>	<b>\$ 6,573</b>
<b>Net Assets, July 1</b>	<b>3,939</b>	<b>0</b>	<b>13,033,861</b>	<b>558,787</b>	<b>269,207</b>	<b>3,053</b>	<b>57,501</b>
<b>Net Assets, June 30</b>	<b>\$ 0</b>	<b>\$ 2</b>	<b>\$ 14,362,447</b>	<b>\$ 650,714</b>	<b>\$ 304,974</b>	<b>\$ 4,336</b>	<b>\$ 64,074</b>

Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
\$ 62	\$ —	\$ —	\$ 6,490	\$ —	\$ —	\$ 1,938	\$ 925,873	\$ 1,206,365
320	104	3,298	1,420	80	107	7	524,940	585,986
—	—	17,351	—	2,632	1,017	—	—	21,592
—	—	—	—	—	—	—	—	22,538
—	1,280	—	—	—	2,385	—	—	4,314
877	17	12,924	23,013	1,995	2,890	40	1,480,105	1,951,380
3,222	—	57,221	84,539	8,220	6,013	147	5,361,759	7,115,492
(27)	—	(1,790)	(719)	(347)	(16)	(1)	(49,523)	(71,513)
—	—	—	588	—	—	—	1,497	97,368
—	—	—	—	—	—	—	—	(3,939)
110	—	68	—	18	—	30	—	1,328
<u>\$ 4,564</u>	<u>\$ 1,401</u>	<u>\$ 89,072</u>	<u>\$ 115,331</u>	<u>\$ 12,598</u>	<u>\$ 12,396</u>	<u>\$ 2,161</u>	<u>\$ 8,244,651</u>	<u>\$ 10,930,911</u>
\$ 110	\$ 30	\$ 615	\$ 588	\$ 250	\$ 146	\$ 30	\$ 22,073	\$ 40,094
1,588	—	17,292	46,464	3,427	3,547	1,939	2,282,950	3,321,800
33	2	306	319	—	15	—	52,875	61,243
<u>\$ 1,731</u>	<u>\$ 32</u>	<u>\$ 18,213</u>	<u>\$ 47,371</u>	<u>\$ 3,677</u>	<u>\$ 3,708</u>	<u>\$ 1,969</u>	<u>\$ 2,357,898</u>	<u>\$ 3,423,137</u>
\$ 2,833	\$ 1,369	\$ 70,859	\$ 67,960	\$ 8,921	\$ 8,688	\$ 192	\$ 5,886,753	\$ 7,507,774
28,288	0	412,465	743,689	64,197	67,355	1,300	47,246,349	62,489,991
<u>\$ 31,121</u>	<u>\$ 1,369</u>	<u>\$ 483,324</u>	<u>\$ 811,649</u>	<u>\$ 73,118</u>	<u>\$ 76,043</u>	<u>\$ 1,492</u>	<u>\$ 53,133,102</u>	<u>\$ 69,997,765</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Investment Trust Funds

June 30, 2007

(expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 20,717	\$ 5,077,443	\$ 176	\$ 5,098,336
Investments, at Fair Value				
Pooled Investments	31,230	867,695	6,203	905,128
Interest Receivable	—	—	11	11
Total Assets	\$ 51,947	\$ 5,945,138	\$ 6,390	\$ 6,003,475
<b>Net Assets</b>				
Held in Trust for Pool Participants	\$ 51,947	\$ 5,945,138	\$ 6,390	\$ 6,003,475

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Investment Trust Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Additions:</b>				
Pool Participant Deposits	\$ —	\$ 8,748,894	\$ 3,356	\$ 8,752,250
Interest and Other Investment Income				
Dividends and Interest	2,418	280,069	266	282,753
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	560	—	17	577
Less: Investment Expense	(19)	(1,539)	(14)	(1,572)
<b>Total Additions</b>	<b>\$ 2,959</b>	<b>\$ 9,027,424</b>	<b>\$ 3,625</b>	<b>\$ 9,034,008</b>
<b>Deductions:</b>				
Pool Participant Withdrawals	\$ 4,156	\$ 7,443,765	\$ 19,038	\$ 7,466,959
Change in Net Assets Held in Trust for Pool Participants	\$ (1,197)	\$ 1,583,659	\$ (15,413)	\$ 1,567,049
Net Assets, July 1	53,144	4,361,479	21,803	4,436,426
Net Assets, June 30	\$ 51,947	\$ 5,945,138	\$ 6,390	\$ 6,003,475

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Private Purpose Trust Funds

June 30, 2007

(expressed in thousands)

	Auctioneers Recovery Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 463	\$ 2,241	\$ 1,714	\$ 4,418
Investments, at Fair Value				
Pooled Investments	—	302	190	492
Capital Assets				
Machinery and Equipment	—	—	191	191
Accumulated Depreciation	—	—	(169)	(169)
<b>Total Assets</b>	<b>\$ 463</b>	<b>\$ 2,543</b>	<b>\$ 1,926</b>	<b>\$ 4,932</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ —	\$ 4	\$ 15	\$ 19
Compensated Absences Payable	—	—	170	170
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 4</b>	<b>\$ 185</b>	<b>\$ 189</b>
<b>Net Assets</b>				
Held in Trust for Other Purposes	\$ 463	\$ 2,539	\$ 1,741	\$ 4,743

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Auctioneers Recovery Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>				
Contributions/Assessments				
Participants	\$ 23	\$ 305	\$ 141,945	\$ 142,273
Interest and Other Investment Income				
Dividends and Interest	5	107	3,102	3,214
Total Additions	\$ 28	\$ 412	\$ 145,047	\$ 145,487
<b>Deductions:</b>				
General and Administrative Expenses	\$ —	\$ 396	\$ 2,600	\$ 2,996
Benefits	—	—	141,875	141,875
Total Deductions	\$ 0	\$ 396	\$ 144,475	\$ 144,871
Change in Net Assets Held in Trust for Other Purposes	\$ 28	\$ 16	\$ 572	\$ 616
Net Assets, July 1	435	2,523	1,169	4,127
Net Assets, June 30	\$ 463	\$ 2,539	\$ 1,741	\$ 4,743

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2007

(expressed in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax	Education Local Option
<b>Assets</b>							
Cash and Cash Equivalents	\$ 61,047	\$ 6	\$ 15,185	\$ 11,829	\$ 641	\$ 1,145	\$ 91,498
Accounts Receivable	—	1,978	—	—	—	—	—
Investments, at Fair Value	—	—	—	—	—	—	—
Certificates of Deposit	—	—	—	—	—	—	—
Pooled Investments	—	—	—	1,229	139	—	15,636
Other Assets	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 61,047</b>	<b>\$ 1,984</b>	<b>\$ 15,185</b>	<b>\$ 13,058</b>	<b>\$ 780</b>	<b>\$ 1,145</b>	<b>\$ 107,134</b>
<b>Liabilities</b>							
Accounts Payable and Other Accruals	\$ —	\$ 22	\$ —	\$ 8,137	\$ —	\$ —	\$ —
Funds Held for Others	61,047	1,962	15,185	4,921	780	1,145	107,134
Other Liabilities	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 61,047</b>	<b>\$ 1,984</b>	<b>\$ 15,185</b>	<b>\$ 13,058</b>	<b>\$ 780</b>	<b>\$ 1,145</b>	<b>\$ 107,134</b>

Sales Tax Collections for Local Governments				Telecom-				
Homestead	Local		Special Purpose	Telecom-	Universal			
Option	Option	MARTA	Local Option	Relay Service	Service Fund	Miscellaneous	Total	
				Fund				
\$ 6,863	\$ 76,644	\$ 19,220	\$ 74,690	\$ 17,180	\$ 25,905	\$ 15,305	\$ 417,158	
—	—	—	—	—	—	477	2,455	
—	—	—	—	—	—	2,677	2,677	
1,173	13,119	3,285	12,764	2,918	—	2,965	53,228	
—	—	—	—	—	—	3,656	3,656	
<u>\$ 8,036</u>	<u>\$ 89,763</u>	<u>\$ 22,505</u>	<u>\$ 87,454</u>	<u>\$ 20,098</u>	<u>\$ 25,905</u>	<u>\$ 25,080</u>	<u>\$ 479,174</u>	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 397	\$ 8,556	
8,036	89,763	22,505	87,454	20,098	25,905	25,459	471,394	
—	—	—	—	—	—	(776)	(776)	
<u>\$ 8,036</u>	<u>\$ 89,763</u>	<u>\$ 22,505</u>	<u>\$ 87,454</u>	<u>\$ 20,098</u>	<u>\$ 25,905</u>	<u>\$ 25,080</u>	<u>\$ 479,174</u>	

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>Child Support Recovery Program</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ (717)	\$ 675,473	\$ 613,709	\$ 61,047
<u><b>Liabilities</b></u>				
Accounts Payable and Other Accruals	\$ 4	\$ —	\$ 4	\$ 0
Funds Held for Others	(721)	1,298,404	1,236,636	61,047
Total Liabilities	\$ (717)	\$ 1,298,404	\$ 1,236,640	\$ 61,047
<b>County Medicaid Administrative Funds</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ (13)	\$ 8,812	\$ 8,793	\$ 6
Accounts Receivable	4,964	8,308	11,294	1,978
Total Assets	\$ 4,951	\$ 17,120	\$ 20,087	\$ 1,984
<u><b>Liabilities</b></u>				
Accounts Payable and Other Accruals	\$ 3	\$ 7,618	\$ 7,599	\$ 22
Funds Held for Others	4,948	9,437	12,423	1,962
Total Liabilities	\$ 4,951	\$ 17,055	\$ 20,022	\$ 1,984
<b>Detainees' Accounts</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ 18,670	\$ 15,210	\$ 18,695	\$ 15,185
<u><b>Liabilities</b></u>				
Funds Held for Others	\$ 18,670	\$ 15,210	\$ 18,695	\$ 15,185
<b>Flexible Benefits Program</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ 9,421	\$ 182,852	\$ 180,444	\$ 11,829
Investments	2,162	1,228	2,161	1,229
Total Assets	\$ 11,583	\$ 184,080	\$ 182,605	\$ 13,058
<u><b>Liabilities</b></u>				
Accounts Payable and Other Accruals	\$ 8,767	\$ 190,380	\$ 191,010	\$ 8,137
Funds Held for Others	2,816	192,834	190,729	4,921
Total Liabilities	\$ 11,583	\$ 383,214	\$ 381,739	\$ 13,058
<b>Railroad Car Tax</b>				
<u><b>Assets</b></u>				
Cash and Cash Equivalents	\$ 7,075	\$ 12,729	\$ 19,163	\$ 641
Investments	2,592	139	2,592	139
Total Assets	\$ 9,667	\$ 12,868	\$ 21,755	\$ 780
<u><b>Liabilities</b></u>				
Funds Held for Others	\$ 9,667	\$ 12,868	\$ 21,755	\$ 780

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>Real Estate Transfer Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 1,302	\$ —	\$ 157	\$ 1,145
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 1,302	\$ —	\$ 157	\$ 1,145
<b>Sales Tax Collections for Local Governments</b>				
<b>Education Local Option Sales Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 79,139	\$ 1,632,516	\$ 1,620,157	\$ 91,498
Investments	37,075	15,636	37,075	15,636
Total Assets	\$ 116,214	\$ 1,648,152	\$ 1,657,232	\$ 107,134
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 116,214	\$ 1,595,440	\$ 1,604,520	\$ 107,134
<b>Homestead Option Sales Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 6,143	\$ 118,433	\$ 117,713	\$ 6,863
Investments	2,878	1,173	2,878	1,173
Total Assets	\$ 9,021	\$ 119,606	\$ 120,591	\$ 8,036
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 9,021	\$ 115,555	\$ 116,540	\$ 8,036
<b>Local Option Sales Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 68,771	\$ 1,404,086	\$ 1,396,213	\$ 76,644
Investments	32,277	13,119	32,277	13,119
Total Assets	\$ 101,048	\$ 1,417,205	\$ 1,428,490	\$ 89,763
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 101,048	\$ 1,371,809	\$ 1,383,094	\$ 89,763
<b>MARTA Sales Tax</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 16,097	\$ 359,125	\$ 356,002	\$ 19,220
Investments	7,542	3,284	7,541	3,285
Total Assets	\$ 23,639	\$ 362,409	\$ 363,543	\$ 22,505
<b><u>Liabilities</u></b>				
Funds Held for Others	\$ 26,639	\$ 348,584	\$ 352,718	\$ 22,505
Other Liabilities	(3,000)	3,000	—	0
Total Liabilities	\$ 23,639	\$ 351,584	\$ 352,718	\$ 22,505

(continued)

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>Sales Tax Collections for Local Governments (continued)</b>				
Special Purpose Local Option Sales Tax				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 67,493	\$ 1,334,847	\$ 1,327,650	\$ 74,690
Investments	31,619	12,764	31,619	12,764
Total Assets	<u>\$ 99,112</u>	<u>\$ 1,347,611</u>	<u>\$ 1,359,269</u>	<u>\$ 87,454</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 99,112</u>	<u>\$ 1,303,228</u>	<u>\$ 1,314,886</u>	<u>\$ 87,454</u>
<b>Telecommunications Relay Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 12,780	\$ 9,989	\$ 5,589	\$ 17,180
Investments	5,939	2,918	5,939	2,918
Total Assets	<u>\$ 18,719</u>	<u>\$ 12,907</u>	<u>\$ 11,528</u>	<u>\$ 20,098</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 18,719</u>	<u>\$ 4,049</u>	<u>\$ 2,670</u>	<u>\$ 20,098</u>
<b>Universal Service Fund</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	<u>\$ 23,892</u>	<u>\$ 9,463</u>	<u>\$ 7,450</u>	<u>\$ 25,905</u>
<b><u>Liabilities</u></b>				
Funds Held for Others	<u>\$ 23,892</u>	<u>\$ 9,463</u>	<u>\$ 7,450</u>	<u>\$ 25,905</u>
<b>Miscellaneous</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 12,955	\$ 81,202	\$ 78,852	\$ 15,305
Accounts Receivable	0	859	382	477
Investments	7,471	4,377	6,206	5,642
Other Assets	3,179	12,435	11,958	3,656
Total Assets	<u>\$ 23,605</u>	<u>\$ 98,873</u>	<u>\$ 97,398</u>	<u>\$ 25,080</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 230	\$ 20,624	\$ 20,457	\$ 397
Funds Held for Others	23,874	80,571	78,986	25,459
Other Liabilities	(499)	(253)	24	(776)
Total Liabilities	<u>\$ 23,605</u>	<u>\$ 100,942</u>	<u>\$ 99,467</u>	<u>\$ 25,080</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 323,008	\$ 5,844,737	\$ 5,750,587	\$ 417,158
Accounts Receivable	4,964	9,167	11,676	2,455
Investments	129,555	54,638	128,288	55,905
Other Assets	3,179	12,435	11,958	3,656
Total Assets	<u>\$ 460,706</u>	<u>\$ 5,920,977</u>	<u>\$ 5,902,509</u>	<u>\$ 479,174</u>
<b><u>Liabilities</u></b>				
Accounts Payable and Other Accruals	\$ 9,004	\$ 218,622	\$ 219,070	\$ 8,556
Funds Held for Others	455,201	6,357,452	6,341,259	471,394
Other Liabilities	(3,499)	2,747	24	(776)
Total Liabilities	<u>\$ 460,706</u>	<u>\$ 6,578,821</u>	<u>\$ 6,560,353</u>	<u>\$ 479,174</u>

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## NONMAJOR COMPONENT UNITS

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## NONMAJOR COMPONENT UNITS

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# State of Georgia

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## Nonmajor Component Units

Component units are legally separate organizations for which the primary government is considered to be financially accountable. Nonmajor component units are described below:

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

The **Georgia Development Authority** is a body corporate and politic. The authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

The **Georgia Medical Center Authority** is a body corporate and politic. The general nature of the business of the authority is the provision of life sciences industry research and development and manufacturing facilities and programs based in the State of Georgia, the commercialization of biomedical and biotechnical research results, the promotion of closer ties between academic institutions of the state and the biomedical industry, the facilitation of the development of a life sciences industrial cluster in the State of Georgia, and the advancement of local and state economic growth. The seven Authority members are appointed by State officials.

The **Georgia Ports Authority** is a body corporate and politic. The purpose of the authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The commission consists of ten members who are accountable as trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

# State of Georgia

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## Nonmajor Component Units

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of four State officials designated by statute and eleven members appointed by the Governor.

The **Georgia Highway Authority** is a body corporate and politic. This authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the commission must be approved by the State. The Board consists of nine members appointed by the Governor.

The **Georgia Rail Passenger Authority** is a body corporate and politic. This authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member appointed by the Governor from each congressional district, as well as two appointed members from the State at large.

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities.

The **Regional Educational Service Agencies** are agencies established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

# State of Georgia

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## Nonmajor Component Units

### Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

The **Georgia Agrirama Development Authority** is a body corporate and politic. The purpose of this authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members.

The **Georgia Golf Hall of Fame Authority** is a body corporate and politic. The authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board.

The **Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as to promote music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board.

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for community land conservation, protection and restoration along the Oconee River corridor. Such projects add both to the quality of life and to economic development in Central Georgia. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

# State of Georgia

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## Nonmajor Component Units

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition.

The **Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created for the purposes of construction, financing, operation, and development of rail passenger excursion projects utilizing any state owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

June 30, 2007

(expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 319,161	\$ 17,237	\$ 551	\$ 4,003	\$ —
Investments	49,858	—	4,726	13,729	18
Receivables					
Accounts (Net)	49,486	83	—	2,813	—
Taxes	311	—	—	—	—
Interest and Dividends	1,804	—	—	—	—
Notes and Loans	78,025	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
Intergovernmental Receivables	—	854	—	—	—
Inventories	5,235	—	—	11	—
Prepaid Items	1,861	—	—	—	—
Other Current Assets	—	—	—	—	3,522
<b>Noncurrent Assets:</b>					
Investments	4,486	—	—	—	—
Receivables (Net)					
Notes and Loans	4,216	—	—	—	—
Other	—	—	—	—	—
Due from Primary Government	—	—	—	—	—
Due from Component Units	—	—	—	—	—
<b>Restricted Assets</b>					
Cash and Cash Equivalents	14,287	—	—	—	—
Investments	46,212	—	—	—	—
Receivables					
Other	131	—	—	—	—
<b>Capital Assets:</b>					
Land	192,877	—	—	1,279	—
Buildings and Building Improvements	334,595	—	—	26,127	—
Improvements Other Than Buildings	239,335	—	—	—	—
Machinery and Equipment	244,669	—	—	23,094	—
Works of Art and Collections	—	—	—	—	—
Infrastructure	176,581	—	—	—	—
Construction in Progress	35,324	—	—	—	—
Accumulated Depreciation	(461,253)	—	—	(27,440)	—
Other Noncurrent Assets	4,477	—	—	—	—
<b>Total Assets</b>	<b>\$ 1,341,678</b>	<b>\$ 18,174</b>	<b>\$ 5,277</b>	<b>\$ 43,616</b>	<b>\$ 3,540</b>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 15,167	\$ 654	\$ 251,193	\$ 17,213	\$ 7,277	\$ 14,715	\$ 647,171
2,567	—	97,136	777	3,667	35,579	208,057
10,869	—	153,885	5,679	1,708	3,507	228,030
—	—	—	—	—	—	311
—	2,176	—	—	—	—	3,980
—	86,386	475	—	—	—	164,886
—	57	987	—	—	—	1,044
—	796	3,854	—	—	—	4,650
5,971	933	—	3,892	—	—	11,650
65	—	7,627	3,465	—	512	16,915
234	—	7,793	190	—	61	10,139
—	373	50,516	71	—	—	54,482
—	—	1,207,213	—	—	—	1,211,699
—	4,158	187	—	—	—	8,561
—	—	528,931	—	—	—	528,931
—	—	3,500	—	—	—	3,500
—	—	90,332	—	—	—	90,332
—	—	132,065	—	7,326	—	153,678
—	—	—	—	—	—	46,212
—	—	—	—	—	—	131
—	374	53,101	229	—	21,346	269,206
—	5,231	703,065	2,961	63	172,374	1,244,416
—	—	41,077	389	—	36,076	316,877
39,885	3,824	172,947	2,524	12,026	42,081	541,050
—	—	241	—	—	801	1,042
—	—	—	—	—	15,189	191,770
—	158	202,175	—	—	11,717	249,374
(9,619)	(6,270)	(256,135)	(2,484)	(10,284)	(125,042)	(898,527)
—	—	33,285	—	27	—	37,789
\$ 65,139	\$ 98,850	\$ 3,485,450	\$ 34,906	\$ 21,810	\$ 228,916	\$ 5,347,356

(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units (continued) June 30, 2007 (expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Cash Overdraft	\$ —	\$ —	\$ —	\$ —	\$ 3,420
Accounts Payable and Other Accruals	26,829	240	—	1,002	5
Due to Primary Government	43	—	—	99	—
Due to Component Units	—	796	—	—	—
Salaries/Withholdings Payable	1,012	—	—	—	—
Contracts Payable	121	—	—	—	—
Funds Held for Others	—	—	—	—	—
Unearned Revenue	26,475	—	—	1,816	—
Compensated Absences Payable - Current	1,901	—	—	466	—
Capital Leases/Installment Purchases Payable - Current	—	—	—	—	—
Notes and Loans Payable - Current	4,987	—	—	—	—
Revenue Bonds Payable - Current	8,100	—	—	—	—
Other Current Liabilities	366	2,152	—	—	—
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	4,368	—	—	—	—
Revenue Bonds Payable - Current	7,210	—	—	—	—
<b>Noncurrent Liabilities:</b>					
Unearned Revenue	—	—	—	—	—
Compensated Absences Payable	1,288	—	—	776	—
Capital Leases/Installment Purchases Payable	—	—	—	—	—
Notes and Loans Payable	19,449	—	—	—	—
Revenue/Mortgage Bonds Payable	189,505	—	—	—	—
Advances from Primary Government	—	—	—	—	—
Other Noncurrent Liabilities	14,966	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 306,620</b>	<b>\$ 3,188</b>	<b>\$ 0</b>	<b>\$ 4,159</b>	<b>\$ 3,425</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 566,348	\$ —	\$ —	\$ 23,060	\$ —
<b>Restricted for:</b>					
Bond Covenants/Debt Service	37,749	—	—	—	—
Construction	—	—	—	—	—
Higher Education	—	—	—	—	—
Expendable	—	—	—	—	—
Nonexpendable	—	—	—	—	—
Other Purposes	787	—	—	36	—
Unrestricted	430,174	14,986	5,277	16,361	115
<b>Total Net Assets</b>	<b>\$ 1,035,058</b>	<b>\$ 14,986</b>	<b>\$ 5,277</b>	<b>\$ 39,457</b>	<b>\$ 115</b>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	3,420
1,867	13,957	80,400	3,025	3,678	10,357	141,360
47	1,186	74,293	—	—	2,698	78,366
—	—	3,424	—	—	—	4,220
96	—	4,308	4,926	—	474	10,816
—	—	630	—	—	—	751
—	—	23,612	—	—	—	23,612
18,978	3,047	70,813	190	—	661	121,980
—	765	12,265	5	—	184	15,586
—	—	5,879	75	—	10	5,964
—	19,300	13,633	45	—	—	37,965
—	—	20,226	—	—	—	28,326
—	2,060	4,043	—	7,326	13	15,960
—	—	—	—	—	—	4,368
—	—	—	—	—	—	7,210
—	—	255,891	—	—	—	255,891
299	—	34	257	—	685	3,339
—	—	25,009	105	—	21	25,135
—	—	45,689	173	—	—	65,311
—	—	1,223,510	—	—	—	1,413,015
—	—	2,003	—	—	14,475	16,478
—	—	30,359	—	—	—	45,325
\$ 21,287	\$ 40,315	\$ 1,896,021	\$ 8,801	\$ 11,004	\$ 29,578	\$ 2,324,398
\$ 30,266	\$ 3,317	\$ 141,815	\$ 3,619	\$ 1,805	\$ 174,511	\$ 944,741
—	—	—	—	—	—	37,749
—	—	1,000	—	—	—	1,000
—	—	500,736	—	—	—	500,736
—	—	524,029	—	—	—	524,029
1,482	—	—	—	—	—	2,305
12,104	55,218	421,849	22,486	9,001	24,827	1,012,398
\$ 43,852	\$ 58,535	\$ 1,589,429	\$ 26,105	\$ 10,806	\$ 199,338	\$ 3,022,958

# State of Georgia

## Combining Statement of Activities

### Nonmajor Component Units

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
Expenses	\$ 298,540	\$ 11,029	\$ —	\$ 31,794	\$ 6
Program Revenues:					
Sales and Charges for Services	\$ 287,331	\$ 12,025	\$ —	\$ 3,622	\$ —
Operating Grants and Contributions	9,696	—	—	9,330	—
Capital Grants and Contributions	28,552	—	—	—	—
Total Program Revenues	\$ 325,579	\$ 12,025	\$ 0	\$ 12,952	\$ 0
Net (Expenses) Revenue	\$ 27,039	\$ 996	\$ 0	\$ (18,842)	\$ (6)
General Revenues:					
Taxes	\$ 26,749	\$ —	\$ —	\$ —	\$ —
Unrestricted Investment Income	17,880	862	266	1,306	60
Payments from the State of Georgia	47,035	—	—	17,023	—
Contributions to Permanent Endowments	—	—	—	—	—
Other	3,850	1	—	—	24
Total General Revenues	\$ 95,514	\$ 863	\$ 266	\$ 18,329	\$ 84
Change in Net Assets	\$ 122,553	\$ 1,859	\$ 266	\$ (513)	\$ 78
Net Assets, July 1	912,211	13,127	5,011	39,970	37
Adjustments	294	—	—	—	—
Correction of Prior Year Errors	—	—	—	—	—
Net Assets, June 30	\$ 1,035,058	\$ 14,986	\$ 5,277	\$ 39,457	\$ 115

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 31,213	\$ 23,321	\$ 1,187,989	\$ 99,831	\$ 16,496	\$ 56,027	\$ 1,756,246
\$ 3,860	\$ 27,884	\$ 642,018	\$ 18,090	\$ 17,199	\$ 51,858	\$ 1,063,887
10,000	508	516,171	71,194	—	255	617,154
7,606	—	32,513	—	—	975	69,646
\$ 21,466	\$ 28,392	\$ 1,190,702	\$ 89,284	\$ 17,199	\$ 53,088	\$ 1,750,687
\$ (9,747)	\$ 5,071	\$ 2,713	\$ (10,547)	\$ 703	\$ (2,939)	\$ (5,559)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,351	\$ 28,100
1,397	126	188,914	630	468	1,887	213,796
4,571	—	—	—	—	4,935	73,564
—	—	25,926	—	—	—	25,926
142	—	224	11,690	26	854	16,811
\$ 6,110	\$ 126	\$ 215,064	\$ 12,320	\$ 494	\$ 9,027	\$ 358,197
\$ (3,637)	\$ 5,197	\$ 217,777	\$ 1,773	\$ 1,197	\$ 6,088	\$ 352,638
47,489	53,338	1,380,487	24,332	9,609	184,022	2,669,633
—	—	—	—	—	9,228	9,522
—	—	(8,835)	—	—	—	(8,835)
\$ 43,852	\$ 58,535	\$ 1,589,429	\$ 26,105	\$ 10,806	\$ 199,338	\$ 3,022,958

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2007 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 34,584	\$ 4,207	\$ 3,227
Investments	82	448	—
Receivables			
Accounts (Net)	14,170	—	305
Taxes	—	—	311
Interest and Dividends	—	1,804	—
Notes and Loans	—	66,370	—
Inventories	293	—	—
Prepaid Items	472	—	—
Noncurrent Assets:			
Investments	—	—	—
Receivables (Net)			
Notes and Loans	—	—	—
Restricted Assets			
Cash and Cash Equivalents	5,086	—	—
Investments	45,912	—	—
Receivables			
Other	131	—	—
Capital Assets:			
Land	37,283	—	—
Buildings and Building Improvements	209,403	—	—
Improvements Other Than Buildings	35,798	—	1,217
Machinery and Equipment	23,013	56	3,412
Infrastructure	—	—	—
Construction in Progress	—	—	236
Accumulated Depreciation	(129,364)	(37)	(2,950)
Other Noncurrent Assets	—	—	—
<b>Total Assets</b>	<b>\$ 276,863</b>	<b>\$ 72,848</b>	<b>\$ 5,758</b>

Georgia Medical Center Authority	Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
\$ 36	\$ 116,356	\$ 2,581	\$ 158,170	\$ 319,161
—	22,101	324	26,903	49,858
—	34,210	801	—	49,486
—	—	—	—	311
—	—	—	—	1,804
—	319	—	11,336	78,025
—	4,834	108	—	5,235
—	1,389	—	—	1,861
—	4,486	—	—	4,486
—	4,216	—	—	4,216
—	9,201	—	—	14,287
—	300	—	—	46,212
—	—	—	—	131
—	155,448	146	—	192,877
—	125,192	—	—	334,595
—	202,320	—	—	239,335
560	217,605	—	23	244,669
—	176,581	—	—	176,581
29	35,059	—	—	35,324
(365)	(328,526)	—	(11)	(461,253)
—	4,477	—	—	4,477
\$ 260	\$ 785,568	\$ 3,960	\$ 196,421	\$ 1,341,678
(continued)				

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations (continued) June 30, 2007 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ 6,112	\$ 590	\$ 158
Due to Primary Government	12	—	—
Salaries/Withholdings Payable	71	—	—
Contracts Payable	—	—	121
Unearned Revenue	25,111	—	—
Compensated Absences Payable - Current	209	—	—
Notes and Loans Payable - Current	—	4,634	44
Revenue Bonds Payable - Current	—	—	—
Other Current Liabilities	366	—	—
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	4,368	—	—
Revenue Bonds Payable - Current	7,210	—	—
Noncurrent Liabilities:			
Compensated Absences Payable	1,288	—	—
Notes and Loans Payable	—	19,369	80
Revenue/Mortgage Bonds Payable	146,285	—	—
Other Noncurrent Liabilities	9,251	1,689	—
<b>Total Liabilities</b>	<b>\$ 200,283</b>	<b>\$ 26,282</b>	<b>\$ 403</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	\$ 22,638	\$ 19	\$ 1,791
Restricted for:			
Bond Covenants/Debt Service	37,449	—	—
Other Purposes	787	—	—
Unrestricted	15,706	46,547	3,564
<b>Total Net Assets</b>	<b>\$ 76,580</b>	<b>\$ 46,566</b>	<b>\$ 5,355</b>

<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 4	\$ 19,415	\$ —	\$ 550	\$ 26,829
—	31	—	—	43
—	941	—	—	1,012
—	—	—	—	121
—	1,364	—	—	26,475
—	1,692	—	—	1,901
—	309	—	—	4,987
—	8,100	—	—	8,100
—	—	—	—	366
—	—	—	—	4,368
—	—	—	—	7,210
—	—	—	—	1,288
—	—	—	—	19,449
—	43,220	—	—	189,505
—	4,026	—	—	14,966
<u>\$ 4</u>	<u>\$ 79,098</u>	<u>\$ 0</u>	<u>\$ 550</u>	<u>\$ 306,620</u>
\$ 224	\$ 541,518	\$ 146	\$ 12	\$ 566,348
—	300	—	—	37,749
—	—	—	—	787
<u>32</u>	<u>164,652</u>	<u>3,814</u>	<u>195,859</u>	<u>430,174</u>
<u>\$ 256</u>	<u>\$ 706,470</u>	<u>\$ 3,960</u>	<u>\$ 195,871</u>	<u>\$ 1,035,058</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
Expenses	\$ 92,701	\$ 2,421	\$ 2,660
Program Revenues:			
Sales and Charges for Services	\$ 70,269	\$ 5,208	\$ 516
Operating Grants and Contributions	—	—	—
Capital Grants and Contributions	—	—	135
Total Program Revenues	\$ 70,269	\$ 5,208	\$ 651
Net (Expenses) Revenue	\$ (22,432)	\$ 2,787	\$ (2,009)
General Revenues:			
Taxes	\$ 24,411	\$ —	\$ 2,338
Unrestricted Investment Income	3,773	326	111
Payments from the State of Georgia	—	—	—
Other	3,115	—	—
Total General Revenues	\$ 31,299	\$ 326	\$ 2,449
Change in Net Assets	\$ 8,867	\$ 3,113	\$ 440
Net Assets, July 1	67,713	43,453	4,915
Adjustment	—	—	—
Inclusion of New Reporting Entity Organization	—	—	—
Net Assets, June 30	\$ 76,580	\$ 46,566	\$ 5,355

<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
\$ 470	\$ 159,474	\$ 5,937	\$ 34,877	\$ 298,540
\$ 2	\$ 205,039	\$ 6,297	\$ —	\$ 287,331
430	9,266	—	—	9,696
—	28,417	—	—	28,552
\$ 432	\$ 242,722	\$ 6,297	\$ 0	\$ 325,579
\$ (38)	\$ 83,248	\$ 360	\$ (34,877)	\$ 27,039
\$ —	\$ —	\$ —	\$ —	\$ 26,749
—	6,426	182	7,062	17,880
—	—	—	47,035	47,035
—	649	82	4	3,850
\$ 0	\$ 7,075	\$ 264	\$ 54,101	\$ 95,514
\$ (38)	\$ 90,323	\$ 624	\$ 19,224	\$ 122,553
0	616,147	3,336	176,647	912,211
294	—	—	—	294
\$ 256	\$ 706,470	\$ 3,960	\$ 195,871	\$ 1,035,058

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

#### Tourism/State Attractions

June 30, 2007

(expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 7	\$ 232	\$ 70	\$ 804	\$ 367
Investments	—	—	—	—	—
Receivables	—	—	—	—	—
Accounts (Net)	222	—	—	3	11
Inventories	—	21	40	58	45
Prepaid Items	—	—	—	—	2
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	4,890	450	—	—	—
Buildings and Building Improvements	29,144	1,678	—	—	—
Improvements Other Than Buildings	—	—	1,765	—	—
Machinery and Equipment	2,261	119	—	129	145
Works of Art and Collections	—	79	—	529	—
Infrastructure	—	—	—	—	—
Construction in Progress	—	—	—	—	—
Accumulated Depreciation	(9,264)	(871)	(353)	(129)	(143)
Total Assets	\$ 27,260	\$ 1,708	\$ 1,522	\$ 1,394	\$ 427
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Accruals	\$ 31	\$ —	\$ 1	\$ 27	\$ —
Due to Primary Government	—	—	—	—	—
Salaries/Withholdings Payable	—	—	—	—	—
Unearned Revenue	175	6	—	—	—
Compensated Absences Payable - Current	—	—	—	—	—
Capital Leases/Installment Purchases Payable - Current	10	—	—	—	—
Other Current Liabilities	—	—	—	9	—
<b>Noncurrent Liabilities:</b>					
Compensated Absences Payable	192	55	—	—	50
Capital Leases/Installment Purchases Payable	21	—	—	—	—
Advances from Primary Government	—	—	—	—	—
Total Liabilities	\$ 429	\$ 61	\$ 1	\$ 36	\$ 50
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 27,000	\$ 1,455	\$ 1,412	\$ 529	\$ 2
Unrestricted	(169)	192	109	829	375
Total Net Assets	\$ 26,831	\$ 1,647	\$ 1,521	\$ 1,358	\$ 377

<u>Jekyll Island State Park Authority</u>	<u>Lake Lanier Islands Development Authority</u>	<u>North Georgia Mountains Authority</u>	<u>Oconee River Greenway Authority</u>	<u>Sapelo Island Heritage Authority</u>	<u>Southwest Georgia Railroad Excursion Authority</u>	<u>Stone Mountain Memorial Association</u>	<u>Total</u>
\$ 3,091	\$ 294	\$ 8,630	\$ 77	\$ 6	\$ 949	\$ 188	\$ 14,715
190	9,749	1,156	—	—	—	24,484	35,579
3,194	—	73	—	—	—	4	3,507
333	—	—	—	—	—	15	512
29	—	—	2	—	—	28	61
147	—	2,445	268	4,162	—	8,984	21,346
41,025	—	25,340	—	—	—	75,187	172,374
11,282	—	—	—	—	—	23,029	36,076
4,223	—	2,856	—	—	588	31,760	42,081
71	—	—	—	—	—	122	801
15,189	—	—	—	—	—	—	15,189
2,973	6,961	—	—	—	—	1,783	11,717
(21,771)	—	(21,613)	—	—	(473)	(70,425)	(125,042)
<u>\$ 59,976</u>	<u>\$ 17,004</u>	<u>\$ 18,887</u>	<u>\$ 347</u>	<u>\$ 4,168</u>	<u>\$ 1,064</u>	<u>\$ 95,159</u>	<u>\$ 228,916</u>
\$ 649	\$ 41	\$ 8,464	\$ —	\$ —	\$ 487	\$ 657	\$ 10,357
597	666	1,435	—	—	—	—	2,698
473	—	—	1	—	—	—	474
480	—	—	—	—	—	—	661
184	—	—	—	—	—	—	184
—	—	—	—	—	—	—	10
4	—	—	—	—	—	—	13
381	7	—	—	—	—	—	685
—	—	—	—	—	—	—	21
3,442	1,332	9,701	—	—	—	—	14,475
<u>\$ 6,210</u>	<u>\$ 2,046</u>	<u>\$ 19,600</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 487</u>	<u>\$ 657</u>	<u>\$ 29,578</u>
\$ 53,139	\$ 6,961	\$ 9,028	\$ 268	\$ 4,162	\$ 115	\$ 70,440	\$ 174,511
627	7,997	(9,741)	78	6	462	24,062	24,827
<u>\$ 53,766</u>	<u>\$ 14,958</u>	<u>\$ (713)</u>	<u>\$ 346</u>	<u>\$ 4,168</u>	<u>\$ 577</u>	<u>\$ 94,502</u>	<u>\$ 199,338</u>

# State of Georgia

## Combining Statement of Activities

### Nonmajor Component Units

#### Tourism/State Attractions

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority	Jekyll Island State Park Authority
Expenses	\$ 8,532	\$ 1,541	\$ 697	\$ 1,663	\$ 1,013	\$ 14,620
Program Revenues:						
Sales and Charges for Services	\$ 6,695	\$ 377	\$ 103	\$ 301	\$ 104	\$ 14,977
Operating Grants and Contributions	—	—	93	—	10	73
Capital Grants and Contributions	—	—	—	142	—	833
Total Program Revenues	\$ 6,695	\$ 377	\$ 196	\$ 443	\$ 114	\$ 15,883
Net (Expenses) Revenue	\$ (1,837)	\$ (1,164)	\$ (501)	\$ (1,220)	\$ (899)	\$ 1,263
General Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,351
Unrestricted Investment Income	25	—	6	40	8	180
Payments from the State of Georgia	1,642	872	—	939	742	—
Other	—	51	—	59	174	—
Total General Revenues	\$ 1,667	\$ 923	\$ 6	\$ 1,038	\$ 924	\$ 1,531
Change in Net Assets	\$ (170)	\$ (241)	\$ (495)	\$ (182)	\$ 25	\$ 2,794
Net Assets, July 1	27,001	1,888	2,016	1,540	352	50,972
Adjustment to Repayment of Advances	—	—	—	—	—	—
Net Assets, June 30	\$ 26,831	\$ 1,647	\$ 1,521	\$ 1,358	\$ 377	\$ 53,766

Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 636	\$ 16,535	\$ 19	\$ —	\$ 1,079	\$ 9,692	\$ 56,027
\$ 3,200	\$ 15,885	\$ —	\$ —	\$ 575	\$ 9,641	\$ 51,858
—	—	79	—	—	—	255
—	—	—	—	—	—	975
\$ 3,200	\$ 15,885	\$ 79	\$ 0	\$ 575	\$ 9,641	\$ 53,088
\$ 2,564	\$ (650)	\$ 60	\$ 0	\$ (504)	\$ (51)	\$ (2,939)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,351
474	—	1	—	—	1,153	1,887
—	—	—	—	740	—	4,935
454	—	111	—	—	5	854
\$ 928	\$ 0	\$ 112	\$ 0	\$ 740	\$ 1,158	\$ 9,027
\$ 3,492	\$ (650)	\$ 172	\$ 0	\$ 236	\$ 1,107	\$ 6,088
2,238	(63)	174	4,168	341	93,395	184,022
9,228	—	—	—	—	—	9,228
\$ 14,958	\$ (713)	\$ 346	\$ 4,168	\$ 577	\$ 94,502	\$ 199,338

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# STATISTICAL SECTION

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# State of Georgia

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## Statistical Section

This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year. The State implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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# State of Georgia

## Schedule 1

### Net Assets by Component For the Last Six Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental Activities <sup>(1)(2)</sup></b>						
Invested in Capital Assets, Net of Related Debt	\$ 9,802,538	\$ 10,494,765	\$ 10,073,116	\$ 10,914,903	\$ 11,274,666	\$ 10,804,344
Restricted	1,399,081	1,292,107	2,166,594	2,248,834	2,164,233	2,398,250
Unrestricted	4,238,321	2,885,711	1,381,037	1,332,716	994,617	2,233,041
<b>Total Governmental Activities Net Assets</b>	<b>\$ 15,439,940</b>	<b>\$ 14,672,583</b>	<b>\$ 13,620,747</b>	<b>\$ 14,496,453</b>	<b>\$ 14,433,516</b>	<b>\$ 15,435,635</b>
<b>Business-Type Activities <sup>(1)(2)</sup></b>						
Invested in Capital Assets, Net of Related Debt	\$ 3,132,336	\$ 3,517,358	\$ 3,849,935	\$ 4,214,124	\$ 4,387,218	\$ 4,582,190
Restricted	1,858,883	1,313,230	1,269,663	1,599,878	1,767,054	1,877,790
Unrestricted	839,774	710,036	604,687	366,419	374,831	475,506
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 5,830,993</b>	<b>\$ 5,540,624</b>	<b>\$ 5,724,285</b>	<b>\$ 6,180,421</b>	<b>\$ 6,529,103</b>	<b>\$ 6,935,486</b>
<b>Total Primary Government <sup>(2)</sup></b>						
Invested in Capital Assets, Net of Related Debt	\$ 12,934,874	\$ 14,012,123	\$ 13,923,051	\$ 15,129,027	\$ 15,661,884	\$ 15,386,534
Restricted	3,257,964	2,605,337	3,436,257	3,848,712	3,931,287	4,276,040
Unrestricted	5,078,095	3,595,747	1,985,724	1,699,135	1,369,448	2,708,547
<b>Total Primary Government Net Assets</b>	<b>\$ 21,270,933</b>	<b>\$ 20,213,207</b>	<b>\$ 19,345,032</b>	<b>\$ 20,676,874</b>	<b>\$ 20,962,619</b>	<b>\$ 22,371,121</b>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 2

### Changes in Net Assets For the Last Six Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
Governmental Activities						
General Government <sup>(1)</sup>	\$ 1,133,811	\$ 1,411,121	\$ 1,900,816	\$ 1,354,451	\$ 1,562,693	\$ 1,830,659
Education	7,558,467	7,942,981	8,007,435	8,376,252	9,030,145	9,948,891
Health and Welfare	10,100,531	10,299,189	11,370,543	11,847,414	11,238,207	11,764,652
Transportation <sup>(2)</sup>	1,458,959	1,096,837	1,844,281	2,316,638	1,624,369	1,705,285
Public Safety	1,693,449	1,779,432	1,712,346	1,781,048	1,715,838	1,891,555
Economic Development and Assistance	714,287	729,878	738,425	702,879	696,800	759,979
Culture and Recreation	216,506	199,873	237,831	225,821	263,813	286,132
Conservation	81,753	57,885	49,089	48,791	60,660	102,149
Interest and Other Charges on Long-Term Debt <sup>(2)</sup>	319,094	342,748	319,034	318,860	326,741	385,449
Total Governmental Activities	\$ 23,276,857	\$ 23,859,944	\$ 26,179,800	\$ 26,972,154	\$ 26,519,266	\$ 28,674,751
Business-Type Activities						
Georgia Technology Authority <sup>(1)</sup>	\$ 217,334	\$ 207,165	\$ 198,937	\$ 193,918	\$ 176,153	\$ —
Higher Education Fund	4,286,201	4,640,361	4,762,820	5,310,815	5,292,112	5,592,755
State Employees' Health Benefit Plan	1,503,456	1,677,982	1,850,125	2,092,457	2,182,743	1,868,431
Unemployment Compensation Fund	861,474	995,169	877,555	584,260	582,171	626,058
State Road and Tollway Authority <sup>(2)</sup>	—	—	—	—	—	12,845
Total Business-Type Activities	\$ 6,868,465	\$ 7,520,677	\$ 7,689,437	\$ 8,181,450	\$ 8,233,179	\$ 8,100,089
Total Primary Government Expenses	\$ 30,145,322	\$ 31,380,621	\$ 33,869,237	\$ 35,153,604	\$ 34,752,445	\$ 36,774,840
<b>Program Revenues</b>						
Governmental Activities <sup>(1)(2)</sup>						
Sales and Charges for Services						
General Government	\$ 751,959	\$ 447,223	\$ 214,580	\$ 267,756	\$ 787,894	\$ 1,653,554
Health and Welfare	1,333,912	780,018	1,198,094	1,435,224	706,876	504,520
Public Safety	324,425	382,390	395,988	412,572	141,432	334,033
Other Sales and Charges for Services	579,771	225,889	448,103	437,569	284,498	258,936
Operating Grants and Contributions	7,597,051	8,674,421	9,457,170	9,213,591	9,393,686	10,041,218
Capital Grants and Contributions	534,745	621,391	828,453	1,014,144	1,032,961	1,213,420
Total Governmental Activities	\$ 11,121,863	\$ 11,131,332	\$ 12,542,388	\$ 12,780,856	\$ 12,347,347	\$ 14,005,681
Business-Type Activities <sup>(1)(2)</sup>						
Sales and Charges for Services						
Georgia Technology Authority	\$ 218,944	\$ 207,891	\$ 198,869	\$ 204,246	\$ 177,137	\$ —
Higher Education Fund	1,009,853	1,210,452	1,349,989	1,730,328	1,567,385	1,694,368
Unemployment Compensation Fund	113,864	128,546	530,481	—	—	223
State Road and Tollway Authority	—	—	—	—	—	20,854
Operating Grants and Contributions	3,333,379	3,224,705	3,330,386	4,050,853	4,374,153	4,214,533
Capital Grants and Contributions	65,457	29	148,407	40,029	45,965	48,490
Total Business-Type Activities	\$ 4,741,497	\$ 4,771,623	\$ 5,558,132	\$ 6,025,456	\$ 6,164,640	\$ 5,978,468
Total Primary Government Program Revenues	\$ 15,863,360	\$ 15,902,955	\$ 18,100,520	\$ 18,806,312	\$ 18,511,987	\$ 19,984,149
<b>Net (Expense) Revenue</b>						
Governmental Activities <sup>(1)(2)</sup>	\$ (12,154,994)	\$ (12,728,612)	\$ (13,637,412)	\$ (14,191,298)	\$ (14,171,919)	\$ (14,669,070)
Business-Type Activities <sup>(1)(2)</sup>	(2,126,968)	(2,749,054)	(2,131,305)	(2,155,994)	(2,068,539)	(2,121,621)
Total Primary Government	\$ (14,281,962)	\$ (15,477,666)	\$ (15,768,717)	\$ (16,347,292)	\$ (16,240,458)	\$ (16,790,691)

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Six Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental Activities <sup>(1)(2)</sup>						
General Revenues						
Taxes						
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515	\$ 8,104,465	\$ 8,778,933
Sales - General	4,368,297	4,710,046	4,799,239	5,309,167	5,603,743	6,662,730
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,602	2,451,385	2,434,321
Grants and Contributions not restricted to specific programs	411	337	177	—	—	—
Unrestricted Investment Income	74,384	260,409	116,615	208,656	196,422	470,480
Unclaimed Property	40,658	43,719	54,074	75,353	107,149	140,367
Other	731,808	760,377	1,094,273	1,011,803	958,131	54,317
Special Items	—	(907)	—	—	—	—
Transfers	(2,181,906)	(2,132,446)	(2,294,450)	(2,340,526)	(2,306,278)	(2,478,882)
Total Governmental Activities	\$ 11,561,726	\$ 11,891,682	\$ 12,705,423	\$ 13,783,570	\$ 15,115,017	\$ 16,062,266
Business-Type Activities <sup>(1)(2)</sup>						
General Revenues						
Unrestricted Investment Income	\$ 28,396	\$ 107,562	\$ 58,647	\$ 88,207	\$ 110,942	\$ 147,034
Other	—	—	—	—	—	47
Special Items	(2,900)	—	—	—	—	—
Transfers	2,181,906	2,132,446	2,294,450	2,340,526	2,306,278	2,478,882
Total Business-Type Activities	\$ 2,207,402	\$ 2,240,008	\$ 2,353,097	\$ 2,428,733	\$ 2,417,220	\$ 2,625,963
Total Primary Government General Revenues and Other Changes in Net Assets	\$ 13,769,128	\$ 14,131,690	\$ 15,058,520	\$ 16,212,303	\$ 17,532,237	\$ 18,688,229
Changes in Net Assets						
Governmental Activities <sup>(1)(2)</sup>	\$ (593,268)	\$ (836,930)	\$ (931,989)	\$ (407,728)	\$ 943,098	\$ 1,393,196
Business-Type Activities <sup>(1)(2)</sup>	80,434	(509,046)	221,792	272,739	348,681	504,342
Total Primary Government	\$ (512,834)	\$ (1,345,976)	\$ (710,197)	\$ (134,989)	\$ 1,291,779	\$ 1,897,538

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

# State of Georgia

## Schedule 3

### Fund Balances of Governmental Funds

#### For the Last Six Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Fund						
Reserved	\$ 3,004,971	\$ 2,944,712	\$ 3,319,425	\$ 3,430,424	\$ 3,342,233	\$ 3,487,699
Unreserved	1,499,182	421,985	228,852	335,828	924,590	2,077,088
Total General Fund	<u>\$ 4,504,153</u>	<u>\$ 3,366,697</u>	<u>\$ 3,548,277</u>	<u>\$ 3,766,252</u>	<u>\$ 4,266,823</u>	<u>\$ 5,564,787</u>
All Other Governmental Funds <sup>(1)</sup>						
Reserved	\$ 232,531	\$ 116,698	\$ 1,639	\$ 1,027	\$ 1,028	\$ 14
Unreserved, Reported in						
Special Revenue Funds	—	—	—	—	1,219	187,585
Capital Projects Funds	1,799,293	1,355,723	1,236,105	804,079	1,207,665	1,476,288
Total All Other Governmental Funds	<u>\$ 2,031,824</u>	<u>\$ 1,472,421</u>	<u>\$ 1,237,744</u>	<u>\$ 805,106</u>	<u>\$ 1,209,912</u>	<u>\$ 1,663,887</u>

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, the balances of its General Fund are included in the State's Special Revenue Funds.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds

#### For the Last Six Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Revenues</b>						
<b>Taxes</b>						
Personal Income	\$ 6,597,862	\$ 6,339,352	\$ 6,876,663	\$ 7,133,515	\$ 8,104,465	\$ 8,778,933
Sales - General	4,368,297	4,710,046	4,799,240	5,309,167	5,603,743	6,662,731
Other Taxes	1,930,212	1,910,795	2,058,832	2,385,603	2,451,385	2,434,321
Licenses and Permits	448,263	425,770	452,008	496,178	539,158	649,930
Intergovernmental - Federal	8,189,311	8,905,213	10,226,522	10,152,667	10,024,646	10,648,457
Intergovernmental - Other	—	—	—	—	117,040	401,637
Sales and Services	1,678,090	1,148,835	1,657,989	1,732,902	994,996	687,277
Fines and Forfeits	257,484	270,341	238,662	265,708	303,788	344,139
Interest and Other Investment Income	244,858	191,237	36,427	103,155	186,974	443,226
Rents and Royalties	15,675	16,352	18,979	16,200	15,937	17,115
Contributions and Donations	229,163	322,727	53,239	76,531	118,399	8,450
Penalties and Interest on Taxes	6,457	7,750	4,827	8,542	10,758	7,045
Unclaimed Property	40,659	43,719	54,074	75,353	107,149	140,367
Lottery Proceeds	726,202	751,557	801,381	802,083	822,797	853,641
Nursing Home Provider Fees	—	—	92,768	99,271	95,607	111,768
Other	75,386	(2,299)	31,608	111,613	241,697	225,703
<b>Total Revenues</b>	<b>\$ 24,807,919</b>	<b>\$ 25,041,395</b>	<b>\$ 27,403,219</b>	<b>\$ 28,768,488</b>	<b>\$ 29,738,539</b>	<b>\$ 32,414,740</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	\$ 839,639	\$ 997,061	\$ 978,666	\$ 1,088,655	\$ 1,158,810	\$ 1,207,057
Education	7,567,495	7,948,434	8,014,842	8,359,398	9,031,188	9,945,327
Health and Welfare	10,090,829	10,249,541	11,374,111	11,861,217	11,270,055	11,724,373
Transportation	1,716,885	1,681,771	1,701,666	1,804,448	2,079,873	2,628,075
Public Safety	1,686,971	1,755,103	1,692,289	1,696,260	1,788,074	1,841,350
Economic Development and Assistance	708,073	742,169	728,330	688,658	685,680	739,998
Culture and Recreation	235,249	236,631	240,504	246,261	282,422	293,620
Conservation	86,891	56,668	48,624	57,677	61,041	101,773
Capital Outlay	761,810	825,245	837,904	485,995	478,109	474,050
Debt Service						
Principal	449,258	511,006	507,110	524,583	570,042	679,216
Interest	314,201	344,757	343,489	332,808	324,893	409,632
Other Charges	3,293	(5,833)	3,802	1,037	(2,497)	(10,855)
Intergovernmental	—	—	—	—	243,347	324,056
<b>Total Expenditures</b>	<b>\$ 24,460,594</b>	<b>\$ 25,342,553</b>	<b>\$ 26,471,337</b>	<b>\$ 27,146,997</b>	<b>\$ 27,971,037</b>	<b>\$ 30,357,672</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 347,325</b>	<b>\$ (301,158)</b>	<b>\$ 931,882</b>	<b>\$ 1,621,491</b>	<b>\$ 1,767,502</b>	<b>\$ 2,057,068</b>
<b>Other Financing Sources (Uses)</b>						
General Obligation Bonds Issuance	\$ 1,229,428	\$ 552,514	\$ 955,395	\$ 206,875	\$ 1,236,010	\$ 1,410,648
Refunding Bonds Issuance	—	—	—	458,605	425,000	213,720
Revenue Bond Issuance	—	—	—	—	—	450,000
Premium on General Obligation Bonds Sold	—	—	—	4,815	4,040	3,894
Premium on Refunding Bonds Sold	—	—	—	61,957	46,399	18,922
Premium on Revenue Bonds Sold	—	—	—	—	—	19,967
Accrued Interest on Refunding Bonds Sold	—	—	—	—	—	742
Payment to Refunded Bond Escrow Agent	—	—	—	(519,316)	(469,479)	(235,516)
Proceeds from Disposition of General Capital Assets	3,966	5,228	2,191	—	600	—
Capital Leases	2,354	1,796	323	1,644	1,085	777
Other Financing Agreements	54,670	—	—	—	—	—
Transfers In	1,513,165	956,732	943,719	1,023,279	1,022,503	1,925,552
Transfers Out	(3,570,391)	(2,898,429)	(2,906,674)	(3,050,444)	(3,165,858)	(4,211,954)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (766,808)</b>	<b>\$ (1,382,159)</b>	<b>\$ (1,005,046)</b>	<b>\$ (1,812,585)</b>	<b>\$ (899,700)</b>	<b>\$ (403,248)</b>
<b>Other Adjustments to Fund Balance</b>	<b>\$ —</b>	<b>\$ (1,077)</b>	<b>\$ (461)</b>	<b>\$ (23,569)</b>	<b>\$ 37,112</b>	<b>\$ 98,119</b>
<b>Net Change in Fund Balance</b>	<b>\$ (419,483)</b>	<b>\$ (1,684,394)</b>	<b>\$ (73,625)</b>	<b>\$ (214,663)</b>	<b>\$ 904,914</b>	<b>\$ 1,751,939</b>
<b>Debt Service Expenditures as a Percentage of Noncapital Expenditures <sup>(1)</sup></b>	<b>3.45%</b>	<b>3.60%</b>	<b>3.45%</b>	<b>3.28%</b>	<b>3.44%</b>	<b>3.85%</b>

(1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers

# State of Georgia

## Schedule 5

### Revenue Base - Personal Income by Industry

#### For the Last Ten Fiscal Years

(amounts expressed in millions)

	1998	1999	2000	2001
Agriculture/Forestry, Fishing and Other	\$ 919	\$ 1,007	\$ 1,136	\$ 752
Construction	8,648	10,067	10,925	11,487
Farm Earnings	1,730	2,083	1,693	1,943
Federal, Civilian	5,693	5,888	6,452	6,556
Finance, Insurance and Real Estate	12,335	12,975	14,201	15,758
Manufacturing	25,072	26,211	27,356	24,732
Military	3,524	3,562	3,791	4,200
Mining	431	475	478	510
Retail Trade	13,845	15,243	16,298	13,286
Services	40,067	44,891	50,339	69,873
State and Local Government	16,429	17,119	18,180	19,160
Transportation and Public Utilities	14,723	16,656	18,765	11,724
Wholesale Trade	13,509	14,966	16,044	13,839
Other	39,669	38,703	43,319	46,578
Total Personal Income	\$ 196,594	\$ 209,846	\$ 228,977	\$ 240,398
Average Effective Rate <sup>(1)</sup>	2.739%	2.796%	2.814%	2.855%

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections (see Schedule 4) by total personal income.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

**Fiscal Year**

2002	2003	2004	2005	2006	2007
\$ 669	\$ 665	\$ 688	\$ 711	\$ 767	\$ 815
11,532	11,526	12,749	13,792	15,436	15,696
990	2,079	1,960	1,884	1,214	1,844
7,156	7,504	7,966	8,349	8,812	9,293
16,422	17,199	18,150	19,464	21,173	22,524
24,618	24,159	25,496	26,402	28,497	28,749
4,747	5,517	5,885	6,574	6,576	7,544
501	506	555	572	655	732
13,595	13,589	14,088	14,940	15,850	16,272
70,626	71,619	76,373	82,017	89,915	93,691
20,561	21,877	22,966	24,006	25,542	26,939
12,086	11,939	12,765	12,433	13,026	13,759
13,778	13,680	14,624	15,675	17,216	17,880
48,184	48,391	48,485	53,286	56,352	63,183
<u>\$ 245,465</u>	<u>\$ 250,250</u>	<u>\$ 262,750</u>	<u>\$ 280,105</u>	<u>\$ 301,031</u>	<u>\$ 318,921</u>
2.688%	2.533%	2.617%	2.547%	2.692%	2.753%

# State of Georgia

## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level For the Last Ten Fiscal Years

1998 - 2007

#### Filing Status

##### Georgia Taxable Net Income Level

#### Single

Not Over \$750	1%
Over \$750 But Not Over \$2,250	\$7.50 Plus 2% of Amount Over \$750
Over \$2,250 But Not Over \$3,750	\$37.50 Plus 3% of Amount Over \$2,250
Over \$3,750 But Not Over \$5,250	\$82.50 Plus 4% of Amount Over \$3,750
Over \$5,250 But Not Over \$7,000	\$142.50 Plus 5% of Amount Over \$5,250
Over \$7,000	\$230.00 Plus 6% of Amount Over \$7,000

#### Married Filing Separately

Not Over \$500	1%
Over \$500 But Not Over \$1,500	\$5.00 Plus 2% of Amount Over \$500
Over \$1,500 But Not Over \$2,500	\$25.00 Plus 3% of Amount Over \$1,500
Over \$2,500 But Not Over \$3,500	\$55.00 Plus 4% of Amount Over \$2,500
Over \$3,500 But Not Over \$5,000	\$95.00 Plus 5% of Amount Over \$3,500
Over \$5,000	\$170.00 Plus 6% of Amount Over \$5,000

#### Head of Household and Married Filing Jointly

Not Over \$1000	1%
Over \$1000 But Not Over \$3,000	\$10.00 Plus 2% of Amount Over \$1,000
Over \$3,000 But Not Over \$5,000	\$50.00 Plus 3% of Amount Over \$3,000
Over \$5,000 But Not Over \$7,000	\$110.00 Plus 4% of Amount Over \$5,000
Over \$7,000 But Not Over \$10,000	\$190.00 Plus 5% of Amount Over \$7,000
Over \$10,000	\$340.00 Plus 6% of Amount Over \$10,000

Source: OCGA Section 48-7-20, Paragraph (b)(1)

# State of Georgia

## Schedule 7

### Personal Income Tax Filers and Liability by Income Level

#### Tax (Calendar) Year 2005<sup>(1)</sup> and Nine Previous (1996)

(dollars, except income level, are in thousands)

	1996				2005			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
<b>Income Level</b>								
\$1,000 and under <sup>(2)</sup>	208,493	6.58%	\$ 140,907	3.23%	510,000	13.29%	\$ 458,963	6.46%
\$1,001 to \$5,000	314,881	9.94%	665	0.02%	263,000	6.85%	10	0.00%
\$5,001 to \$10,000	358,071	11.31%	16,935	0.39%	343,000	8.94%	8,374	0.12%
\$10,001 to \$15,000	335,376	10.59%	62,976	1.45%	329,000	8.57%	39,438	0.56%
\$15,001 to \$20,000	307,101	9.70%	120,985	2.78%	296,000	7.71%	88,772	1.25%
\$20,001 to \$25,000	256,905	8.11%	161,533	3.71%	268,000	6.98%	136,413	1.92%
\$25,001 to \$30,000	201,225	6.36%	177,257	4.07%	234,000	6.10%	169,462	2.39%
\$30,001 to \$50,000	535,993	16.93%	744,344	17.08%	618,000	16.10%	762,204	10.73%
\$50,001 to \$100,000	489,159	15.45%	1,312,908	30.13%	647,000	16.86%	1,710,975	24.10%
\$100,001 to \$500,000	150,348	4.75%	1,101,498	25.28%	312,000	8.13%	2,289,828	32.25%
\$500,001 to \$1,000,000	5,908	0.19%	197,653	4.54%	11,000	0.29%	374,754	5.28%
\$1,000,001 and higher	2,817	0.09%	320,198	7.35%	7,000	0.18%	1,061,631	14.95%
<b>Totals</b>	<b>3,166,277</b>	<b>100.00%</b>	<b>\$ 4,357,859</b>	<b>100.00%</b>	<b>3,838,000</b>	<b>100.00%</b>	<b>\$ 7,100,824</b>	<b>100.00%</b>

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue Annual Statistical Report

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# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type

#### For the Last Six Fiscal Years

(amounts expressed in thousands, except per capita amounts)

General Bonded Debt								
Fiscal Year	Governmental Activities <sup>(1)</sup>			Business-Type Activities <sup>(1)</sup>	Less: Net Assets Restricted to Guaranteed	Net	Percentage of	Outstanding
	General Obligation	General State	Revenue	Revenue		General	Personal	Debt
	Bonds	Bond Debt	Bonds	Bonds	Revenue Debt	Bonded Debt	Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
2007	\$ 7,688,919	\$ 0	\$ 1,037,993	\$ 38,540	\$ (608,250)	\$ 8,157,202	2.56%	\$ 854.63
2006	6,909,343	0	—	—	—	6,909,343	2.30%	739.59
2005	6,238,934	0	—	—	—	6,238,934	2.23%	685.02
2004	6,513,380	16	—	—	—	6,513,396	2.48%	730.09
2003	6,083,975	16	—	—	—	6,083,991	2.43%	696.11
2002	6,058,295	16	—	—	—	6,058,311	2.47%	705.18
Other Debt								
Fiscal Year	Governmental Activities		Business-Type Activities		Total	Percentage of	Outstanding	
	Capital	Notes and	Capital	Notes and	Primary	Personal	Debt	
	Leases	Loans	Leases	Loans	Government	Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>	
2007	\$ 8,162	\$ 568	\$ 1,201,524	\$ 9,477	\$ 9,376,933	2.94%	\$ 982.42	
2006	4,748	796	839,926	2,618	7,757,431	2.58%	830.38	
2005	5,122	3,583	678,055	4,244	6,929,938	2.47%	760.89	
2004	4,892	2,506	479,272	2,512	7,002,578	2.67%	784.92	
2003	5,424	2,570	186,428	2,845	6,281,258	2.51%	718.68	
2002	5,911	2,632	93,263	2,345	6,162,462	2.51%	717.30	

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

(2) See Schedule 10 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 9

### Computation of Legal Debt Margin For the Last Ten Fiscal Years

	1998	1999	2000	2001
<b>Revenue Base:</b>				
Treasury Receipts for the Preceding Fiscal Year <sup>(1)</sup>	\$ 11,905,829,999	\$ 12,478,602,944	\$ 13,539,916,503	\$ 14,959,980,702
<b>Debt Limit Amount:</b>				
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,190,583,000	\$ 1,247,860,294	\$ 1,353,991,650	\$ 1,495,998,070
<b>Debt Applicable to the Limit:</b>				
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year	580,531,875	634,072,712	656,448,838	660,903,018
<b>Legal Debt Margin</b>	\$ 610,051,125	\$ 613,787,582	\$ 697,542,812	\$ 835,095,052
<b>Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount</b>	48.76%	50.81%	48.48%	44.18%

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds

(2) Interest on Guaranteed Revenue Debt Common Reserve Funds included from this point forward.

Source: Prior year CAFRs, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.

Fiscal Year					
2002	2003	2004	2005 <sup>(2)</sup>	2006	2007
\$ <u>15,768,578,047</u>	\$ <u>15,126,479,334</u>	\$ <u>14,737,541,220</u>	\$ <u>15,530,262,707</u>	\$ <u>16,789,925,631</u>	\$ <u>18,343,186,033</u>
\$ 1,576,857,805	\$ 1,512,647,933	\$ 1,473,754,122	\$ 1,553,026,271	\$ 1,678,992,563	\$ 1,834,318,603
<u>881,667,486</u>	<u>819,243,571</u>	<u>959,876,954</u>	<u>932,636,053</u>	<u>935,230,555</u>	<u>1,038,052,566</u>
\$ <u>695,190,319</u>	\$ <u>693,404,362</u>	\$ <u>513,877,168</u>	\$ <u>620,390,218</u>	\$ <u>743,762,008</u>	\$ <u>796,266,037</u>
55.91%	54.16%	65.13%	60.05%	55.70%	56.59%

# State of Georgia

## Schedule 10

### Population/Demographics For the Last Ten Fiscal Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2007	9,544,750	\$ 318,921	\$ 33,413	1,618,866	4.50%
2006	9,342,080	301,031	32,223	1,588,803	4.60%
2005	9,107,719	280,105	30,755	1,544,044	5.20%
2004	8,921,371	262,750	29,452	1,513,521	4.70%
2003	8,740,008	250,250	28,633	1,486,694	4.80%
2002	8,591,169	245,465	28,572	1,459,827	4.80%
2001	8,422,127	240,398	28,544	1,435,174	4.00%
2000	8,230,919	228,977	27,819	1,412,840	3.50%
1999	7,788,240	209,846	26,944	1,390,341	3.80%
1998	7,636,522	196,594	25,744	1,365,549	4.20%

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)  
 Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis (second quarter annualized)  
 Public School Enrollment - Georgia Department of Education  
 Unemployment Rate - Georgia Department of Labor

# State of Georgia

## Schedule 11

### Ten Largest Employers

### Fiscal Year 2007 and Nine Years Previous (1998)

	1998			2007		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Wal-Mart Stores, Incorporated	29,920	1	0.77	55,307	1	1.20
Delta Air Lines, Incorporated	27,552	2	0.71	21,000	2	0.45
Publix Supermarkets, Incorporated	15,377	6	0.40	20,500	3	0.44
The Kroger Company				20,000	4	0.43
Shaw Industries, Incorporated	17,350	5	0.45	19,000	5	0.41
BellSouth Corporation	21,651	3	0.56	18,000	6	0.39
Mohawk Industries	11,750	9	0.30	17,186	7	0.37
The Home Depot Incorporated				13,184	8	0.28
United Parcel Services, Incorporated				13,000	9	0.28
The Southern Company/Georgia Power Company	13,603	7	0.35	12,661	10	0.27
Promina Health System	18,000	4	0.47			
Columbia Healthcare Corporation	12,000	8	0.31			
Emory System of Health Care	10,800	10	0.28			
	<u>178,003</u>		<u>4.61%</u>	<u>209,838</u>		<u>4.53%</u>
Total Employment	<u>3,861,646</u>			<u>4,627,995</u>		

Sources: Employers - Georgia Department of Economic Development  
Total Employment - Georgia Department of Labor

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## Schedule 12

### State Government Employment by Function For the Last Ten Fiscal Years

	1998	1999	2000	2001
<b>Governmental Activities</b>				
General Government	8,426	8,087	8,874	8,422
Education	963	916	1,034	949
Health and Welfare	13,921	13,213	14,557	13,869
Transportation	6,322	6,407	6,905	7,073
Public Safety	21,614	22,431	25,706	25,135
Economic Development and Assistance	2,442	2,472	2,749	2,608
Culture and Recreation	2,600	2,660	3,071	2,453
Conservation	802	798	872	831
	<u>57,090</u>	<u>56,984</u>	<u>63,768</u>	<u>61,340</u>
<b>Business-Type Activities <sup>(1)</sup></b>				
Georgia Technology Authority <sup>(2) (3)</sup>	15	21	16	125
Higher Education Fund	57,330	61,888	58,799	60,694
State Road and Tollway Authority <sup>(4)</sup>	—	—	—	—
	<u>57,345</u>	<u>61,909</u>	<u>58,815</u>	<u>60,819</u>
<b>Total State Government Employees</b>	<u>114,435</u>	<u>118,893</u>	<u>122,583</u>	<u>122,159</u>

(1) Employees of certain Business-Types Activities organizations are included in Governmental Activities as follows:

Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(2) Until fiscal year 2001, a portion of the activities of the Georgia Technology Authority were performed by the Department of Administrative Services which is included in General Government.

(3) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its employees are included in Governmental Activities - General Government.

(4) Beginning in fiscal year 2007, the State Road and Tollway Authority, formerly a discretely presented component unit, is blended with the primary government. Although the Authority performs both governmental and business-type activities, the majority of its employees are involved in the Business-Type Activities.

Source: Georgia Department of Audits and Accounts

**Fiscal Year**

2002	2003	2004	2005	2006	2007
6,326	6,857	6,927	7,352	6,779	9,240
942	925	1,011	1,156	1,129	1,160
10,601	12,048	19,918	22,081	22,170	22,732
6,083	5,916	5,844	5,850	5,769	5,849
22,751	23,586	23,077	22,949	23,266	23,115
4,112	4,729	4,675	4,614	4,589	4,584
2,119	2,956	2,864	2,927	2,945	3,023
746	765	1,065	726	742	776
53,680	57,782	65,381	67,655	67,389	70,479
762	732	650	630	562	—
71,644	80,222	79,160	81,893	82,200	84,795
—	—	—	—	—	51
72,406	80,954	79,810	82,523	82,762	84,846
126,086	138,736	145,191	150,178	150,151	155,325

# State of Georgia

## Schedule 13

### Operating Indicators by Function For the Last Ten Fiscal Years

	1998	1999	2000	2001
General Government				
Department of Revenue				
Number of Personal Income Tax Returns Processed	3,337,074	3,525,631	3,629,290	3,650,428
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	702,967	715,540	724,115	728,824
Grades 6 through 8	313,610	319,681	326,668	336,804
Grades 9 through 12	348,972	355,120	362,057	369,546
Board of Regents of the University System of Georgia				
Number of Separate Institutions	34	34	34	34
Number of Active Educators	9,426	7,729	7,858	7,765
Number of Students	205,389	200,102	203,806	205,878
Health and Welfare				
Department of Human Resources				
Food Stamp Recipients	638,936	587,476	516,609	515,538
Temporary Assistance for Needy Families Recipients	220,430	153,060	133,023	123,671
Child Support				
Collections	\$ 333,223,596	\$ 368,468,569	\$ 402,854,914	\$ 430,333,275
Children Served	353,285	651,575	676,868	679,814
Transportation				
Department of Transportation				
Miles of State Highway	17,954	17,983	17,990	18,106
Public Safety				
Department of Corrections				
Number of Inmates	**	41,630	43,732	45,463
Number of Probationers	**	139,527	134,855	122,739
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions of \$):				
Domestic Traveler Spending	**	**	**	**
Domestic Travel Generated				
State Tax Revenues	**	**	**	**
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	48	48	49	51
Number of Historic Sites	15	15	17	17
Area of State Parks and Historic Sites	71,150 acres	73,143 acres	75,712 acres	78,942 acres
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions of \$)	**	**	**	\$ 19,522
Employment	**	**	**	77,266
Compensation (in millions of \$)	**	**	**	\$ 3,626

Source: NCA - Not Currently Available

\*\* - Historical Information Not Available

Information obtained from the individual organizations listed.

Fiscal Year					
2002	2003	2004	2005	2006	2007
3,658,705	3,689,675	3,777,000	3,816,000	3,861,000	NCA
730,948	735,821	745,115	757,383	782,428	801,307
349,056	358,592	364,051	367,122	369,809	371,020
379,823	392,281	404,355	419,539	436,566	446,539
34	34	34	35	35	35
7,947	8,870	8,981	9,335	9,721	10,093
217,546	233,098	247,020	250,659	253,552	259,945
576,522	700,876	847,886	908,073	947,683	NCA
130,409	138,624	135,515	99,370	68,993	NCA
\$ 463,537,442	\$ 523,744,227	\$ 554,198,341	\$ 595,920,825	\$ 628,230,828	NCA
625,944	624,068	516,045	515,062	520,289	NCA
18,055	18,019	18,084	18,084	18,084	18,066
46,937	47,111	48,619	47,304	52,635	53,226
121,500	130,505	128,395	115,177	136,175	142,663
\$ 23,879	\$ 24,729	\$ 26,127	\$ 27,989	\$ 29,860	NCA
\$ 683	\$ 709	\$ 740	\$ 779	\$ 812	NCA
58	48	48	48	48	48
15	15	15	15	15	15
68,271 acres	72,835 acres	72,835 acres	72,835 acres	72,835 acres	82,000+ acres
\$ 16,085	\$ 12,679	\$ 14,163	\$ 16,150	\$ 17,760	NCA
70,715	65,706	67,633	67,694	67,733	NCA
\$ 3,241	\$ 3,007	\$ 3,299	\$ 3,422	\$ 3,513	NCA

# State of Georgia

## Schedule 14

### Value of Capital Assets <sup>(1)</sup> by Function For the Last Ten Fiscal Years (amounts expressed in thousands)

	1998	1999	2000	2001
<b>Governmental Activities</b>				
General Government	\$ 313,759	\$ 290,996	\$ 301,060	\$ 306,905
Education	47,040	48,768	49,204	43,380
Health and Welfare	314,536	333,889	345,825	374,986
Transportation	189,025	205,731	217,426	237,188
Public Safety	927,638	972,331	1,004,581	1,057,767
Economic Development and Assistance	113,874	122,939	131,189	127,799
Culture and Recreation	246,139	274,815	314,780	360,981
Conservation	71,242	74,006	79,849	85,066
Internal Service Funds <sup>(2)</sup>	422,278	429,369	388,933	348,692
<b>Total Governmental Activities</b>	<b>\$ 2,645,531</b>	<b>\$ 2,752,844</b>	<b>\$ 2,832,847</b>	<b>\$ 2,942,764</b>
<b>Business-Type Activities</b>				
Georgia Technology Authority <sup>(3) (4)</sup>	\$ 2,951	\$ 2,938	\$ 3,462	\$ 15,542
Higher Education Fund	5,059,861	5,543,395	5,899,539	6,152,637
State Employees' Health Benefit Plan	314	360	60	158
State Road and Tollway Authority <sup>(5)</sup>	—	—	—	—
Internal Service Funds <sup>(2)</sup>	1,104	1,112	1,112	1,111
<b>Total Business-Type Activities</b>	<b>\$ 5,064,230</b>	<b>\$ 5,547,805</b>	<b>\$ 5,904,173</b>	<b>\$ 6,169,448</b>
<b>Total Value of Capital Assets</b>	<b>\$ 7,709,761</b>	<b>\$ 8,300,649</b>	<b>\$ 8,737,020</b>	<b>\$ 9,112,212</b>

- (1) The State of Georgia implemented GASB Statement 34 in fiscal year 2002. GASB Statement 34 significantly changed the manner in which governments report capital asset balances and activity. Fixed asset balances for fiscal years prior to 2002 have been presented in GASB Statement 34 format.
- (2) The values of capital assets owned by internal service fund organizations are proportionately included in governmental activities and business-type activities in government-wide financial reporting.
- (3) Until fiscal year 2001, a portion of the capital assets of the Georgia Technology Authority were owned by the Department of Administrative Services which is included in General Government.
- (4) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an Internal Service Fund serving governmental organizations (see also note 2).
- (5) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting documentation.

Fiscal Year						
2002	2003	2004	2005	2006	2007	
\$ 1,860,067	\$ 1,744,348	\$ 1,374,287	\$ 1,255,785	\$ 1,485,191	\$ 1,442,065	
17,167	87,995	85,219	35,463	36,129	35,466	
244,653	255,346	270,634	272,154	297,143	300,214	
16,556,539	16,384,990	17,170,029	18,966,039	20,144,683	21,974,688	
1,324,922	1,433,383	1,525,619	1,555,999	1,646,901	1,669,759	
415,279	701,279	710,532	704,322	763,702	867,847	
344,971	472,213	462,061	533,208	583,584	614,000	
65,145	68,490	67,415	72,957	77,043	79,565	
359,678	363,590	360,230	384,177	416,587	599,624	
<u>\$ 21,188,421</u>	<u>\$ 21,511,634</u>	<u>\$ 22,026,026</u>	<u>\$ 23,780,104</u>	<u>\$ 25,450,963</u>	<u>\$ 27,583,228</u>	
\$ 99,260	\$ 106,519	\$ 110,400	\$ 115,912	\$ 136,531	\$ —	
5,350,421	5,940,629	6,748,829	7,509,810	8,058,954	8,886,628	
—	—	—	—	—	—	
—	—	—	—	—	12,927	
680	586	586	586	586	586	
<u>\$ 5,450,361</u>	<u>\$ 6,047,734</u>	<u>\$ 6,859,815</u>	<u>\$ 7,626,308</u>	<u>\$ 8,196,071</u>	<u>\$ 8,900,141</u>	
<u>\$ 26,638,782</u>	<u>\$ 27,559,368</u>	<u>\$ 28,885,841</u>	<u>\$ 31,406,412</u>	<u>\$ 33,647,034</u>	<u>\$ 36,483,369</u>	